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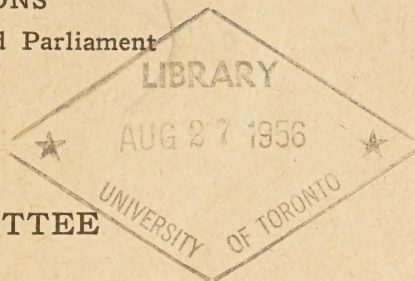
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Canada, Industrial Relations,  
Standing Committee on, 1956

HOUSE OF COMMONS

Third Session—Twenty-second Parliament

1956



STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

*Chairman:* G. E. NIXON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

BILL No. 449,

AN ACT TO AMEND THE UNEMPLOYMENT  
INSURANCE ACT, INCLUDING REPORT  
THEREON TO THE HOUSE.

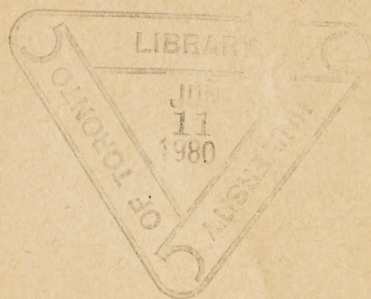
TUESDAY, AUGUST 7, 1956

WITNESS:

Mr. James McGregor, Director of Unemployment Insurance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1956.





STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: G. E. Nixon, Esq.,  
and

Mr. Anderson	Mr. Fraser, ( <i>St. John's</i>	Mr. Lusby
Mr. Barnett	<i>East</i> )	Mr. Michener
Mr. Bell	Mr. Gauthier ( <i>Lac-St.-</i>	Mr. Nixon
Mr. Blanchette	<i>Jean</i> )	Mr. Patterson
Mr. Brown ( <i>Essex West</i> )	Mr. Gauthier ( <i>Nickel</i>	Mr. Philpott
Mr. Brown ( <i>Brantford</i> )	<i>Belt</i> )	Mr. Purdy
Mr. Byrne	Mr. Gillis	Mr. Richardson
Mr. Cannon	Mr. Gregg	Mr. Robichaud
Mr. Churchill	Mr. Hanna	Mr. Small
Mr. Cloutier	Mr. Hahn	Mr. Starr
Mr. Deschatelets	Mr. Harrison	Mr. Vincent
Mr. Dufresne	Mr. Henry	Mr. Weselak
Mrs. Fairclough	Mr. Knowles	

(Quorum 10)

Antoine Chassé,  
Clerk of the Committee.



## ORDERS OF REFERENCE

HOUSE OF COMMONS,

THURSDAY, January 26, 1956.

*Resolved*,—That the following Members do compose the Standing Committee on Industrial Relations:

Messrs.

Bell,	Gauthier ( <i>Nickel Belt</i> ),	Murphy ( <i>Westmorland</i> ),
Brown ( <i>Brantford</i> ),	Gillis,	Nixon,
Brown ( <i>Essex West</i> ),	Hahn,	Philpott,
Byrne,	Hardie,	Richardson,
Cauchon,	Hosking,	Ross,
Churchill,	Johnston ( <i>Bow River</i> ),	Rouleau,
Cloutier,	Knowles,	Small,
Deschatelets,	Leduc ( <i>Verdun</i> ),	Starr,
Dufresne,	Lusby,	Studer,
Fairclough ( <i>Mrs.</i> ),	MacEachen,	Viau,
Fraser ( <i>St. John's East</i> ),	MacInnis,	Vincent—35.
Gauthier ( <i>Lac-Saint-Jean</i> ),	Michener,	

(Quorum 10)

*Ordered*,—That the Standing Committee on Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

WEDNESDAY, July 25, 1956.

*Ordered*,—That the name of Mr. Barnett be substituted for that of Mr. MacInnis on the said Committee.

MONDAY, August 6, 1956.

*Ordered*,—That the name of Mr. Robichaud be substituted for that of Mr. Murphy (*Westmorland*) on the said Committee.

TUESDAY, August 6, 1956.

*Ordered*,—That the following Bill be referred to the said Committee:..  
Bill No. 449, An Act to amend the Unemployment Insurance Act.

TUESDAY, August 6, 1956.

*Ordered*,—That the name of Mr. Weselak be substituted for that of Mr. Viau;

That the name of Mr. Harrison be substituted for that of Mr. Studer;

That the name of Mr. Hanna be substituted for that of Mr. Hardie;

That the name of Mr. Purdy be substituted for that of Mr. MacEachen;

That the name of Mr. Henry be substituted for that of Mr. Hosking;

That the name of Mr. Anderson be substituted for that of Mr. Ross;



That the name of Mr. Cannon be substituted for that of Mr. Cauchon;

That the name of Mr. Blanchette be substituted for that of Mr. Leduc (Verdun);

That the name of Mr. Gregg be substituted for that of Mr. Rouleau; and

That the name of Mr. Patterson be substituted for that of Mr. Johnston (Bow River), on the said Committee.

TUESDAY, August 6, 1956.

*Ordered*,—That the said Committee be empowered to print from day to day such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

*Ordered*,—That the said Committee be authorized to sit while the House is sitting.

*Attest.*

LEON J. RAYMOND,  
*Clerk of the House.*



## REPORTS TO THE HOUSE

TUESDAY, AUGUST 7th, 1956.

The Standing Committee on Industrial Relations begs leave to present the following as its

### FIRST REPORT

Your Committee recommends:

1. That it be empowered to print from day to day such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.
2. That it be authorized to sit while the House is sitting.

Respectfully submitted,

G. E. NIXON,  
*Chairman.*

The Standing Committee on Industrial Relations begs leave to present the following as its

### SECOND REPORT

Your Committee has considered Bill No. 449, "An Act to amend the Unemployment Insurance Act", and has agreed to report the said bill without amendment.

A typewritten copy of the evidence adduced in relation thereto is tabled herewith.

Respectfully submitted,

G. E. NIXON,  
*Chairman.*







## MINUTES OF PROCEEDINGS

House of Commons, Room 118,  
TUESDAY, AUGUST 7, 1956.

The Standing Committee on Industrial Relations met this day at 10:30 o'clock a.m. The Chairman, Mr. George E. Nixon, presided.

*Members present:* Messrs. Barnett, Brown (*Essex West*), Byrne, Fraser (*St. John's East*), Gauthier (*Lac St-Jean*), Gillis, Hahn, Nixon, Philpott, and Robichaud.

*In attendance:* Honourable Milton F. Gregg, Minister of Labour.

The Chairman expressed his thanks to the members for re-electing him as chairman.

On motion of Mr. Philpott,

*Resolved*,—That the Committee ask the House to be authorized to print from day to day such documents and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.

On motion of Mr. Byrne,

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

On motion of Mr. Fraser (*St. John's East*), it was

*Ordered*,—That a report, embodying the resolutions adopted by the Committee this day, be made forthwith to the House.

The Chairman announced that the Committee had referred to it Bill 449, "An Act to amend the Unemployment Insurance Act".

Honourable Milton F. Gregg addressed the Committee briefly.

At 10:40 o'clock a.m., on motion of Mr. Gillis, the Committee adjourned to the call of the Chair.

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### AFTERNOON SITTING

The Committee met at 3:30 o'clock p.m. The Chairman, Mr. George E. Nixon, presided.

*Members present:* Messrs. Anderson, Barnett, Bell, Blanchette, Brown (*Essex West*), Byrne, Cannon, Churchill, Fairclough (Mrs.), Fraser (*St. John's East*), Gillis, Gregg, Hanna, Hahn, Harrison, Henry, Lusby, Nixon, Patterson, Philpott, Purdy, Robichaud, and Weselak.

*In attendance: From the Unemployment Insurance Commission:* Mr. J. G. Bisson, Chief Commissioner; Mr. A. L. Murchison, Commissioner; Mr. Leo J. Curry, Executive Director, Mr. James McGregor, Director. Also Mr. H. D. Clark, Department of Finance, and Mr. R. Humphrys, Department of Insurance.

On motion of Mr. Philpott,

*Resolved*,—That pursuant to the authority conferred upon it by the Order of Reference of Tuesday, August 7, 1956, the Committee print from day to day



750 copies in English and 200 copies in French of its Minutes of Proceedings and Evidence, relating to Bill No. 449, An Act to amend the Unemployment Insurance Act.

The Committee considered Bill 449, An Act to amend the Unemployment Insurance Act.

Mr. James McGregor was called and questioned at length on the various aspects of the Bill.

During the study of the said Bill, Mr. McGregor explained to the Committee, through projections on a screen, certain charts showing the differences in benefits between the old Act and the new one.

Clauses one to five of the Bill were severally considered and adopted.

The preamble and title were also adopted and the said Bill ordered to be reported to the House without amendment.

At 4:15 o'clock p.m. the Committee adjourned to the call of the Chair.

Antoine Chassé,  
*Clerk of the Committee.*



## EVIDENCE

TUESDAY, August 7, 1956,  
3.00 p.m.

The CHAIRMAN: Order. We are here to consider Bill No. 449, an act to amend the Unemployment Insurance Act. If it is agreeable we will take it clause by clause.

Clause one—Extension of Act to Fishermen.

Mrs. FAIRCLOUGH: On clause one, the question has been asked: what is proposed with reference to those fishermen who are engaged in fishing on a part-time basis. Will there be the same provisions as there are under the act for persons who work for more than one employer, or will their activities in fishing be separated completely from any employment they might have in another field?

Hon. Mr. MILTON F. GREGG (*Minister of Labour*): Take, for example, the case of a woods worker who also fishes. The benefits that accrue to him due to his work in the woods will be added to the benefits that will accrue from his work as a fisherman, but for him to come under the fishing arrangements it will be necessary for his principal occupation to be that of a fisherman.

Mrs. FAIRCLOUGH: Until the present time if a person's principal occupation—I mean in terms of length of time—were that of a lumberman and he was employed in fishing at other seasons of the year, he had no opportunity of augmenting his contribution by reason of his employment in fishing.

Mr. JAMES MCGREGOR, (*Director of Unemployment Insurance*): All that would be considered when the detailed plan comes to be worked out. Definite proposals have not been worked out yet.

Mrs. FAIRCLOUGH: How would they consider any contributions which might accrue to him from his activities in fishing? If they accrued at a time of the year when he was not engaged in other work they would, of course, automatically be recorded in his book, but supposing he is employed in fishing for a few hours a day and then is engaged in other work for the rest of the day—Even in the case of a self-employed person, take, for example, a man who might have a small store and go fishing for a few hours each day, have you say idea how you are going to handle a situation like that?

Mr. MCGREGOR: Frankly, no, at the moment.

Mrs. FAIRCLOUGH: In other words this is merely a clause which will enable the department to explore the field, is that it?

Hon. Mr. GREGG: It will go further than that—to continue the exploration of the field and to work out a plan to be put into effect.

Mr. BARNETT: I am not sure I get the full drift of that, but the minister has already indicated to us that he is not prepared at the moment to discuss this plan in anything more than broad outline. However, I think it will be a fair question to ask, and for the committee clearly to understand, whether it is intended that the benefits that will accrue under this provision for fishermen will be integrated with those that might accrue from other occupations. I have in the back of my mind, for example, a report which was recently prepared by the Department of Fisheries and the chief supervisor of the University of British Columbia which showed the movement in and out of



the fishing industry in British Columbia, the number of licences issued in a certain year, the number of licences renewed, and so on, together with the new people who came into the industry. I am quite sure I need do no more than mention this because those details are available to the commission if they have not yet studied them. Supposing a man works for a year in the fishing industry and the following year he feels that prospects do not look so good—we do have some information now, in British Columbia, as to whether the salmon run is going to be a good one or not—and decides to spend the following year in the construction or logging industry. Do the benefits from the payments he made during the year he was fishing accumulate and count along with the contributions and benefits accrued during the year he was logging?

Mr. MCGREGOR: Credit would be given for contributions earned while fishing if he subsequently goes into some other work. That is the idea we shall be working on.

Mr. BARNETT: If he had so many working weeks—

Mr. MCGREGOR: His contributions would be integrated with the others to arrive at the benefit entitlement.

Mr. HAHN: It is certainly not anticipated to give them any special consideration. It would automatically come in under seasonal employment and anything else.

Hon. Mr. GREGG: I think Mr. Barnett has put forward a good example that ought to be quite easy to deal with. Mrs. Fairclough's was one that was in some detail. I think it will be true to say that it will be the effort of the committee in completing the plan to carry out as much integration as possible and to have that conform with the other activities under the act where a line has been drawn. It is too early yet to say where it will need to be drawn.

Mr. ROBICHAUD: Suppose we take the example of a lobster fisherman in an area where the lobster season lasts only for two months. During those two months he contributes as a fisherman but when the season is over, say on July 1, the same fisherman works either in a fish plant or in a lumber camp. Does the time he spent fishing count towards his contributions?

Hon. Mr. GREGG: Yes.

Mr. PURDY: Mr. Chairman, could I ask what the position would be in the case of a fisherman who fishes for just six or seven weeks of the year and is employed in another industry for the rest of the time. That short period may be all the fishing he does.

Mr. MCGREGOR: He may contract out and not make any contributions at all.

Mr. CANNON: Mr. Chairman, I do not have to tell you that I am very pleased about this legislation. I have been asking about it, as other members of the committee will tell you, for the past seven years. Last year, on May 31, when I was on this committee I had the honour of recommending the coverage of fishermen under this act and I was supported, I believe, by every member of the committee who spoke and by representatives of all the parties in this parliament. I made a recommendation which, with the support of my colleagues, was adopted, and the report of this committee dated June 8, 1955 read in parts as follows:

Your committee recommends that the government consider the advisability of extending the Unemployment Insurance Act to cover

(i) the following classes of fishermen:

(a) those who work for wages and

(b) those who work in such other parts of the fishing industry as are amenable to coverage.



I wish to congratulate the government on having taken this initiative and to thank them most sincerely on behalf of all my constituents for whom this may be the most important piece of legislation passed in a great many years.

Now I take it for granted that this legislation—although reading it with a lawyer's eye I see that it does not actually extend unemployment insurance to fishermen—indicates clearly the decision of the government to so extend unemployment insurance to fishermen?

Hon. Mr. GREGG: That is correct.

Mr. CANNON: Clause one which we are now studying provides for an amendment of the regulations. There is one question I would like to ask: can the minister tell us when these regulations will be so amended and, if he cannot, can he tell us some definite date not later than which they will be so amended so we will have something to go on? It is all very well to say the government will have the right under this legislation to make regulations to bring the fishermen under the act but when will that be done?

Hon. Mr. GREGG: In the house now I am asking under clause one that the Minister of Labour and the Unemployment Insurance Commission be given authority, as you stated, to amend the regulations for this special purpose. It is the intention of the government to have the plan go into effect by the end of this fiscal year—that the plan may be completed and the regulations governing the plan may be formulated so that the plan and the regulations with it will be completed by March 31, 1957—

Mr. CANNON: That is very satisfactory. Thank you very much.

Hon. Mr. GREGG: —to enable contributions to begin before the end of the fiscal year, March 31, 1957.

Mr. HAHN: In past year when we have discussed this type of legislation, or the possibility of it, we have always been told that the difficulty was bringing in the eastern fishermen, let us say, the unorganized fishermen, and so on. Last year as I understand it, had it not been for some excellent investments, our unemployment insurance fund would have had some heavy drawings on it and would have been reduced, possibly, to the extent of about \$13 million. I am wondering, though I realize that there is no legislation before us or regulations which would bring this into effect, just exactly what is the situation we might expect to have with regard to the fund. Is this going to draw some of that \$12 or \$13 million which was accumulated last year? Is it expected that this extension of benefits to fishermen will result in a continual drain on the unemployment fund? What is the thinking on this matter?

Hon. Mr. GREGG: Well, Mr. Chairman, I think that I should stand up in replying to this question because it is a very important point. I am glad that this has been raised by Mr. Hahn in this committee. I can assure you that this point which has been raised has received a very great deal of consideration by the government. I do not think that it is divulging any secret to say that that point, amongst others, has been the cause of some delay in the matter reaching the committee here.

Now, Mr. Cannon indicated that it was the unanimous wish of this committee at a former session to bring in the provisions which have been outlined in the resolution. That resolution, unanimously adopted, could not be acted upon immediately but it is being acted upon now and is the will of parliament, if you like, although there was not a vote on it.

If you will take the bill which is before you, the two amendments are quite different. The amendments amending section 45(2) were recommended to the Minister of Labour, and by the Minister of Labour to the government and by the government to parliament. They will appear to be something which



we perhaps should have done last year. I can tell you now that the amendment permitting expansion of the regulations which is now before you is as a direct result of the recommendation of this committee at a former session instead of this coming forward from the Unemployment Insurance Commission. The government acted upon that mandate through my asking the commission to tell me whether they could work out a plan that would, in truth, include practically all those who are engaged in the fishing industry on both coasts and inland fishing. They worked it out, with officials from other departments working hard and conscientiously. They came back a short time ago with suggestions as to how to do it. We cannot give you anything like an exact estimate of what it will cost but we have plans which we have been able to complete that will make it apply to both coasts. On the western coast it will be a slightly different application than perhaps in the other parts of Canada; but at least there will be a plan comparable in contributions and benefits to those contributions and benefits extended to employees in other industries. Having done that, the government has decided to go forward with that plan.

It has been decided that when the plan is in operation for one year that the Unemployment Insurance Commission Advisory Committee will be requested to make a very cold examination of its effect upon the fund. We realize, for instance, that it might be necessary at some future date for the government to take into consideration the question of seeing that the fund is not unduly drawn upon because of the particular steps which are being taken now. In other words, if that proves to be the case, some step may have to be taken to recoup the fund to an equitable degree.

Does that answer your question?

Mr. HAHN: Yes. I personally did not anticipate, with the high level of employment that we have today, that there should be too much drawn out of the fund; but at the same time we must recognize that we had the highest level of employment last year in the history of the fund.

Hon. Mr. GREGG: That is a point on which we must try to do our best. I think, perhaps being optimistic, I am inclined to believe that the fund will take these things in its stride if our economy remains near the present level. We will find out in 1959 what effect it is having upon the fund and then I am sure that whoever is Minister of Labour at that time will be able to suggest, if necessary, something to see that the fund is not too heavily drawn upon.

Mr. HAHN: It does seem to me, Mr. Minister, that the second part is complementary to the first part because fishermen are in a sense part-time employees and therefore the effect upon the fund itself may be greater by this section 45(2) as revised in this bill than the actual effect of bringing them into the act itself under ordinary circumstances.

Hon. Mr. GREGG: To some extent.

Mr. ANDERSON: Mr. Chairman, the minister has mentioned fishermen on the east coast. Does this not include fresh water fishermen?

Hon. Mr. GREGG: Yes.

The CHAIRMAN: Shall clause 1 carry?

Mr. PURDY: I was going to ask the minister, or the officials of the Unemployment Insurance Commission, when contacting the various individuals who presumably might be eligible to come into this fund, is it proposed to utilize the present fisheries officers or are we to have another group of civil servants running around the country contacting these individuals?

Hon. Mr. GREGG: Mr. Sinclair and I have discussed this possibility and sometime between now and the end of the year officials from the commission and from his department will proceed to points along the coast where there



might be evident possible difficulty in putting this into effect. In those areas, and in other areas, it might be useful for fisheries officials to cooperate with the unemployment insurance officers in carrying out the terms of this act.

Mr. PURDY: What I am trying to get at is, will the fisheries officials who are in contact more or less with the individual fishermen be in a position to explain all the implications of this to the various fishermen and have them decide whether or not they want to contract in or contract out and if the fisherman contracts out he will not be bothered any more.

Hon. Mr. GREGG: Do you think that would be a good idea?

Mr. PURDY: Yes. The various fisheries officials are in contact with the individual fisherman.

Hon. Mr. GREGG: That is exactly the way Mr. Sinclair and I feel about it. In addition we think that it is very important that the fisheries officials out in the areas should be sympathetic with the act in order to see that it is administered in a beneficial manner and we will attempt to get their assistance in every way.

Mr. PURDY: I think you will find the fisheries officials very cooperative.

Mr. BROWN (*Essex West*): Did you say that the fisherman could contract out? In other words, a fisherman could be in the business and not be under the act and yet a person working in an automobile factory, for instance, has no option?

Mr. MCGREGOR: Yes. That is correct. In the lumbering industry, for example, if a farmer goes into the woods for part of the year, if his main livelihood is derived from farming, as long as he does not spend twenty weeks in the year in the woods, he can contract out under the act, the idea being that he would never make sufficient contributions to qualify.

Mr. BELL: That is what I wanted to ask. Could I use the example of the part-time salmon fishermen in the Saint John river; they are hardly even fishermen. They might make \$1,500 a year in a good season. They go out to their nets about two hours a day on the tide. The minute they get in they take their salmon and sell it for cash. The person whom they have contracted with would apply for exclusion for them from the act. If they did not want to insist on their rights, that would be the end of it.

Hon. Mr. GREGG: Mr. Bell, those people who you mention I know very well. Their main occupation is not fishing. Their main occupation is farming. They would not be broached.

Mr. MCGREGOR: It is not likely under the circumstances.

Mr. BELL: I am thinking of those who try to pass as fishermen. They do not keep a farm and this is practically their sole income even though they do not have very much.

Hon. Mr. GREGG: There is a great deal which the committee will have to do to find the right cut-off line.

Mr. BROWN (*Essex West*): Can a fisherman whose sole occupation is fishing contract himself out?

Mr. MCGREGOR: No.

Mrs. FAIRCLOUGH: I think, Mr. Chairman, that we are missing the main point. Mr. McGregor will correct me if I am wrong but I believe the point is that if this person has another occupation which is uninsurable then his fishing occupation would be insurable. If he should happen to be engaged in total employment, or more employment for a major portion of his time that is insurable, then he could elect to be non-insurable.

Mr. MCGREGOR: That is about the way it is.



Mrs. FAIRCLOUGH: That is applicable to any part-time work in which he might engage. If his major means of livelihood is insurable, then he can apply under certain conditions for exemptions from the provisions of the act in a subsidiary employment in which he engages. Is that not true?

Mr. MCGREGOR: Yes.

Mr. HAHN: Mr. Chairman, on September 23, 1955, the United Fishermen and Allied Workers Union I believe made a submission or a brief to Mr. Gregg.

Hon. Mr. GREGG: Mr. Sinclair was with me.

Mr. HAHN: I believe that this is the biggest local union in Canada as far as fisheries is concerned. They say that a person who does not want to fish during season is no fisherman: it is true that fishermen will get no advantage from their insurance during the fishing season, but no one is asking that they should. All that is asked is that fishermen should be eligible for benefit. I take it they are using the definition they have given here for a fisherman. I am wondering if the minister will agree that that is the definition of a fisherman?

Hon. Mr. GREGG: I do not want to tie down the committee because they would have to produce a definition as they go forward.

Mr. HAHN: We might go a step further and say if they are employed for, let us say, six or eight weeks, as are the lobster fishermen, and then go into the pulp woods for a few days or a few weeks, as long as they work for twenty-four weeks of employment, if the new act is adopted, that would make them eligible for seasonable insurance, would it not?

Mr. C. A. L. MURCHISON (*Commissioner, Unemployment Insurance Commission*): Yes.

Mr. HAHN: Their main occupation is not fishing but they would have the option of contracting in by putting in that time.

Hon. Mr. GREGG: With the two combined if they could make it up, yes.

Mr. BARNETT: Would the minister be willing to give the committee the assurance that the submission made by the United Fishermen and Allied Workers Union, which was fairly detailed and constructive in its approach, will be studied in relation to the regulations that are drawn up? I wanted to say that I like the remarks made by Mr. Purdy in respect to the cooperative work of the officials of the Department of Fisheries. I know that in my own area while those officers have plenty to do, I do feel that it would be very worth while to make sure that they are kept well informed and are prepared to pass on that information to the fishermen in many of the small centers where they are stationed because in many cases they are the only representatives of the federal government that are available to the fishermen in those localities.

One question I want to raise at this point is in relation to some remarks which I recall the minister making either in the Estimates Committee or in the house, I forget which, that had to do with the period before this plan actually came into effect, that field studies were going to be made. I understood him to say that in all probability organizations and others interested would be circularized, and that the minister would be open to suggestions. If that is going to be the case I would like to know whether we could have an understanding that as members of parliament we will be circularized with any such amendments or documents or proposals so that we can have the advantage of studying them as it goes along and of making any suggestions that we might have, and also of taking advantage of any opportunity to have discussions with the fishermen and of going into these matters so that we may pass along any suggestions they may have brought to our attention. I am thinking particularly of what might happen between now and the time we meet again at the next session.



Hon. Mr. GREGG: On the first point which Mr. Barnett has made as to the delegation which came to Ottawa to see the Hon. Mr. Sinclair and myself, we spent the entire afternoon discussing the matter with them, and we were both greatly impressed with the way in which their representations were made, and as a matter of fact we found that some of the suggestions made were useful. At the time one of the members of the commission, Mr. Murchison, who is present today, was proceeding to the west and I asked the chief commissioner to ask Mr. Murchison to get in touch with these gentlemen after they got back to British Columbia. The commissioner did so, and the result was that Mr. Murchison had a long discussion with them and got some very helpful representations.

On the second part as to the suggestion between now and the end of the year, I shall certainly ask that when representatives of the working committee have occasion to go out to the coast—to any part of either coast, to look into matters on the spot, that they will unquestionably get in touch with the member of parliament in the area where he or she may be. There might not be a chance from week to week or month to month to make a report as to the progress. I would ask that if any member of this committee or any member of parliament was interested, if he would drop a line to me when I would be glad to answer any point that may be raised. I think it would be difficult to ask the committee to send out a progress report every two or three weeks.

Mr. BARNETT: Oh no, I was not thinking of that!

Hon. Mr. GREGG: No, when the session opens in 1957—while I am sure that a plan will be matured by that time, there will be an opportunity to make a full report on it at the next session of parliament.

Mr. LUSBY: Does this subsection (b) mean that if every fisherman comes under the act there must be someone who is put in the relationship of employer?

Hon. Mr. GREGG: "Including as an employer of a fisherman any person with whom the fisherman enters into contractual or other commercial relationship in respect of his occupation as a fisherman; —". That is the fish buyer.

Mr. LUSBY: What about the case of a man who fishes and then peddles his fish from door to door?

Hon. Mr. GREGG: Those are ones we have got to look at very carefully.

Mr. LUSBY: Have you sounded out the feelings of the commercial buyers who would have to make contributions, on that point?

Hon. Mr. GREGG: There have been discussions with the bigger buyers in Nova Scotia.

Mr. LUSBY: And there did not seem to be too much objection?

Hon. Mr. GREGG: They would not go all the way and say that we should recommend this bill.

Mr. LUSBY: I know quite a few of them who might be quite indignant about it.

Hon. Mr. GREGG: No. From our investigations outside so far even at points where you might expect to meet with active resistance there has been an inclination to say with us that this is worth trying; let us see if the fishermen who have gone out in dangerous and hard times and suffered great hardships—let us see if they cannot be helped in this way so as to increase their morale and given a little more security than they have ever had.

Mr. CANNON: And to keep them fishing as well!

Hon. Mr. GREGG: That is right, to keep them fishing as well. And before we leave this item I hope Mr. McGregor will explain to you—so that we will



not be sailing under false pretences—the general limitations that must be imposed, and the length of contributions and of the benefits arising out of them. Perhaps Mr. McGregor will give you an outline of what we feel it will mean so that the fishermen outside will not get the impression that they are going to get months and months of benefits when it cannot possibly happen.

Mr. MCGREGOR: Mr. Chairman, we have in mind seasonal benefits based from the first of January until April, roughly 15; and the entitlement during that period would be based on the number of contributions that the fisherman has had since the end of the previous March, and to give one week's benefit for every two weeks of contribution.

Hon. Mr. GREGG: Thank you very much.

The CHAIRMAN: Does clause 1 carry?

Clause agreed to.

Clause 1, subclause 2, paragraphs (a), (b) and (c) agreed to.

Mrs. FAIRCLOUGH: I presume that subclause 2 (c) gives us the operation that might be required?

Hon. Mr. GREGG: In case anything has been overlooked.

The CHAIRMAN: Clause 2?

Mrs. FAIRCLOUGH: I have a suggestion to make. A few of us had the privilege of seeing the charts which the minister prepared and I think we could shorten this discussion and the general explanation if before discussing this clause at all we were to see the charts and then to proceed with the discussion after.

The CHAIRMAN: Is that agreeable?

Hon. Mr. GREGG: I think that is a good suggestion. The chief commissioner says that Mr. McGregor will conduct the discussion. Even though it may not be possible to get the printed report of this meeting until after the session is over, I would ask Mr. McGregor to give it in fairly complete form because we have members of this committee who have not been present at former discussions. He will be able to provide the secretary of the committee with the diagrams and the charts which will be shown on the screen; so I hope it will form a fairly complete record for anybody who may want to study it later.

Mr. PHILPOTT: May I move at this stage that 750 copies in English and 200 copies in French be printed of our proceedings in respect to Bill 449, "An Act to amend the Unemployment Insurance Act", pursuant to the authority conferred upon us by the order of reference of Tuesday, August 7, 1956?

Mr. HAHN: I second the motion.

The CHAIRMAN: You have all heard the motion. Is it agreeable?

Agreed.

Mr. MCGREGOR: Mr. Chairman, under the present act the claimant, in order to qualify for benefit must have 30 weekly contributions in the last 104 weeks; 8 of them must be in the last 52 weeks; but if he makes a second claim within 104 weeks of the first claim then he must have 30 contributions excluding those that were used to make the first benefits available. In other words, in the second benefit period any contributions that were used in the earlier benefits cannot be used again.

The effect is that when a claimant works roughly from the months of April or May to, let us say, November each year, he cannot qualify under the section as it stands at the moment because he must have 30 contributions every year. The result is that after studying the matter we have come to the

conclusion that 24 contributions in place of 30 for the year would meet the requirements and enable a number of those previously unable to qualify, to do so.

We think we can demonstrate this by charts which will show the effect under the old act, the present act, and the proposed amendment.

These are actual cases. Chart I shows a new claimant under the old act (prior to the first of October 1955). Starting at April 1st, this man was unemployed for five weeks. He had not entered the insured labour field so he had no benefits and was simply unemployed.

Then he worked for 25 weeks and became unemployed for eight weeks. Now, he could not qualify for any benefit because he had to have 30 weeks in the last two years; and he goes along until the first of January when he qualifies for what is now known as seasonal benefits. He is entitled to one week's benefits for every five weeks' contributions since the previous March 31. Therefore, he gets five weeks benefit in that period.

Then he is unemployed for 11 weeks, eight in that first group and three in the next row. He has eaten up his entitlement so there is nothing we can do for him further. He goes back to work and he now works for 27 weeks and again becomes unemployed and qualifies for 10 weeks regular benefits. That is on the basis of 52 contributions, one-fifth of which gives you 10 weeks. At the end of that period, because he had a benefit period end since the previous March 31 he immediately qualifies for seasonal benefits for a further ten weeks. That does not take care of him for the whole time that he is off, however, because there are three weeks on the third line that he is still unemployed and has no further benefit. He goes back to work for twenty-six weeks. On becoming unemployed this time he qualifies for thirteen weeks regular benefit plus eleven weeks' seasonal benefit.

Now, the only reason he is cut down to eleven weeks' seasonal benefit is that April 15 intervenes when the seasonal benefit is automatically cut off. He goes back to work again and works for twenty-five weeks, at the end of which he qualifies for thirteen weeks' benefit—regular benefit, that is, and a further twelve weeks' seasonal benefit. That is under the act as it was prior to October 1, 1955.

*Chart 1(a)*—Under the act as it is now, this man is unemployed the same five weeks, of course, at the commencement. Then he works for twenty-five weeks and then again he has no entitlement yet because he has not got the thirty weeks. There are eight weeks he is unemployed without benefit, but he immediately qualifies as from the first of January for seasonal benefit for sixteen weeks. He goes back to work again for twenty-seven weeks, and again there is the eight week gap, after which he is again entitled to seasonal benefit. In other words, under the act as it stands at the moment, this person, with this pattern of employment and unemployment can qualify for seasonal benefit only each year. Now it is noted at the bottom of this chart that this man's total contributions over a four-year period were one hundred and three weeks, costing him at the highest rate of contribution—\$61.80—he drew benefit for sixty-four weeks for a total of \$1,920. I should say that under the old act, he paid contributions for one hundred and three weeks at 54 cents, totalling \$55.62 and got out seventy-four weeks totalling \$1,776.

Then we come to the proposed amendment in Chart 1(b). Again we have five weeks that the man does no work.

Hon. Mr. GREGG: This is the present bill?

Mr. MCGREGOR: This is the present bill. He has twenty-five weeks of employment followed by eight weeks of unemployment with no benefit, again followed by thirteen weeks of seasonal benefit—that is one week's seasonal benefit for every two contributions. Now, you will note there are three weeks



where we are still unable to take care of him before his period of employment starts, when he works again for twenty-seven weeks and is now entitled to fourteen weeks' regular benefit on termination of that employment, plus ten weeks of seasonal benefit. Then he works for a further twenty-six weeks and becomes entitled to fourteen weeks' regular benefit plus eleven weeks of seasonal benefit. He then works for a further twenty-five weeks and becomes entitled to thirteen weeks' regular benefit followed by thirteen weeks of seasonal benefit. Now, in his case the total contributions are \$61.80, and he will draw eighty-eight weeks in place of the sixty-four weeks, as it stands now, and seventy-four as under the act prior to October 1, 1955.

Mr. FRASER (*St. John's East*): Therefore his waiting weeks will be less?

Mr. MCGREGOR: The waiting weeks will run the same.

Mr. FRASER (*St. John's East*): I thought they were seven previous?

Mr. MCGREGOR: I beg your pardon, there was a change in the ruling during the last winter—at least a change in the regulations whereby when seasonal benefit comes right up against regular benefit, the waiting period is waived. That pertains under the act as it is now.

Mr. FRASER (*St. John's East*): But not under the original act?

Mr. MCGREGOR: No, sir.

Mr. HAHN: Mr. McGregor, does it make a difference in the date on which the period of work begins?

Mr. MCGREGOR: It would make some difference, Mr. Chairman, inasmuch as this is a man whose pattern is working in the summer time, and we have, of course, the unemployment during the winter, and he will be qualified for seasonal benefit. But inasmuch as he requires only twenty-four contributions as against the present thirty, even if he is unemployed in the off-season rather than the on-season he will get benefit easier than he does now.

Mr. HAHN: It would actually only make a difference then in the initial stages, and he will carry on and go back a year to pick up the benefits?

Mr. MCGREGOR: I do not quite follow you.

Mr. HAHN: Say the period of employment there is probably from the end of March, on.

Mr. MCGREGOR: That period of employment is from May 1.

Mr. HAHN: If that is the period of employment in the first year, and if he had gone about the end of February instead?

Mr. MCGREGOR: Yes.

Mr. HAHN: Then he would have picked it up in the second year? That is the period of employment starts about the same time, about the end of February, he would pick up during the year previous?

Mr. MCGREGOR: At least the year back, yes. He would have picked up that, that is right.

Hon. Mr. GREGG: Mr. Chairman, could Mr. McGregor outline why we had to have a supplementary amendment as to the one for two instead of the two for three?

Mr. MCGREGOR: The other amendment with regard to the seasonal benefit at the present time is as follows: A claimant, who qualifies for seasonal benefit on the basis of having at least fifteen weeks' contributions since the end of the previous March, gets two weeks' benefits for every three weeks' contributions, that was a minimum of ten weeks in all cases. Now, under the new duration formula he will get one for every two. Unless we did that we would find regular claimants, who also get one for every two, getting less

than the seasonal benefit claimant, and that was what necessitated the change in the formula from 2 for 3 to 1 for 2. There would be anomalies which would be created unless this were done.

Mr. ROBICHAUD: So, in other words, a man who was getting seasonal benefit before, say last winter, on a percentage of 2 for 3 would only get it on a percentage of 1 for 2 now?

Mr. MCGREGOR: That is right, with a minimum of ten, though. We gave a floor for that so that the minimum is still preserved.

I have another set of charts here, if you wish.

Hon. Mr. GREGG: You have shown four years for each of the cases, and they are very regular each year. The working pattern is about the same. Have you a more broken working pattern?

Mr. MCGREGOR: Chart No. 2: Here is a fellow that has a somewhat patchy pattern of employment. This fellow again starts with five weeks during which he did not work. Then he works for fifteen weeks was unemployed for ten, and had no entitlement at that time. Then he works for a further twelve weeks and he qualifies for seasonal benefit for a maximum of five weeks. He was unemployed for a further seven weeks, and, of course, having used his entitlement, we can take care of him no longer. He then went back to work for eighteen weeks, and on the basis of his forty-five weekly contributions—that is, fifteen plus twelve plus eighteen—he is entitled to nine weeks' regular benefit. That is exhausted. He is still unemployed for six weeks when he goes back and works a further eight and becomes entitled to eight weeks' benefit. He then goes back for sixteen weeks and again qualifies for eight weeks' benefit followed by a gap of five after using everything up. He has nothing more coming to him. Then he goes to work for ten more weeks and qualifies for eight weeks' regular benefit and two weeks' seasonal. There are still two weeks left before he gets back to work because again he has used up all his entitlement. He goes to work for eighteen weeks and becomes unemployed again, and is entitled to six weeks' regular benefit. He goes back to work again and works eight weeks and picks up a further nine weeks' benefit, and qualifies right on top of that for a further seven weeks' seasonal. That is under the old act. He gets a total of sixty-two weeks, or for one hundred and five contributions, amounting to \$56.70, he gets \$1,488.

Chart No. 2 (a) shows the same man under the act as it stands now. He works for fifteen weeks, is unemployed ten, works a further twelve, and as he has not thirty contributions (he has only got twenty-seven) he becomes entitled to seasonal benefit for twelve weeks. He works again for eighteen weeks, but now he is qualified for regular benefit on the basis of eighteen plus twelve which is thirty and gets fifteen weeks' regular benefit. He goes back to work for eight weeks and then only qualifies, for nine weeks of seasonal benefit. He then works sixteen weeks and he has no entitlement at the end of that period. He is unemployed for twelve weeks. Then he works for ten and is now entitled to 15 weeks' regular benefit. He works for a further 18. He has no entitlement again; he has used it all up. He is unemployed for eight and he goes back to work for eight, and then he only qualifies for seasonal benefit for 15 weeks. In this case he got 66 weeks, a total of \$1,980 for a contributions for 105 weeks totalling \$63.

Mr. HAHN: Just before you leave that, in that third year, he has a year with 10 weeks and the additional five are picked up at the beginning of the following year?

Mr. MCGREGOR: That is 15.

Mr. HAHN: Yes. They do not carry along then on the supplementary under the present act?



Mr. MCGREGOR: The supplementary benefit period was ended in that particular case. It ended on the 15th of April, you see. He cannot get the supplementary during that period because it is ended on April 15.

Mr. HAHN: What I am trying to say is it is not picked up, it is not held as supplementary benefits, this five additional carry-over. They cannot do that?

Mr. MCGREGOR: No, the 15th of April cuts off the seasonal benefit willy-nilly.

Hon. Mr. GREGG: Those are actual cases?

Mr. MCGREGOR: These are actual cases. Now, on Chart 2(b) here is this same man on the basis of the 24-week proposal. He works for 15—the same pattern in the first year—the same pattern all the way through as far as the working pattern is concerned. He qualifies only for seasonal benefit the first year having only 27 contributions in place of the 30 required, but he gets 12 weeks maximum seasonal benefit. He goes back to work for 18 weeks and he is entitled to 15 weeks' regular benefit on becoming unemployed. He goes back to work for eight weeks and at the end of that time he becomes entitled to regular benefit for 13 weeks of which he draws 9 weeks. He goes to work for 16 weeks and takes up four weeks remaining from the previous claim. He immediately requalifies for a further 12 weeks. He gets back to work for 10 weeks and qualifies again for 13 weeks' regular benefit of which he draws 11. Then he worked for a further 18 weeks and he had a further seven weeks regular benefit. He worked eight and got nine weeks remaining of the old period and immediately requalified for 13 weeks. He gets 92 weeks benefits in all for 105 contributions.

Mr. ROBICHAUD: Take the case of an employee last winter who draws seasonal benefits only. Say he had only 24 weeks last summer and he drew unemployment benefit for a period up to April 15. This year, from May 1 to November, say, he gets in 24 weeks again. What would he be entitled to?

Mr. MCGREGOR: It would depend of course exactly on the pattern that his work history shows going back the 52 weeks, but at least he is entitled to regular benefit, which he was not entitled to last year, followed by seasonal benefit at least equal to the time he got regular benefit.

Mr. HAHN: That would be a minimum of 10.

Mr. MCGREGOR: Yes, a minimum of 10.

Mrs. FAIRCLOUGH: Under this scheme the fact that he uses a period of unemployment under a previous claim does not count provided it is within the period of 52 weeks?

Mr. MCGREGOR: That is right.

Mrs. FAIRCLOUGH: He can use it again and again provided it is within the 52 weeks?

Mr. MCGREGOR: Yes, broken periods of employment he can pick up within the 52 weeks.

Hon. Mr. GREGG: I am sure all members of the committee would agree with me in expressing our thanks to the commission for their effort to "tailor" this proposal to the Canadian need. I must say I was surprised when I looked at the bottom figure and saw what a modest investment brought to us in our economy. I am sure the act has performed a useful purpose, and it has performed a useful purpose because in many respects it has been made to fit the needs. And we bring forth this amendment now. It may be necessary for the commission to bring forth another at some future date but at least we would like to try this one out.

Clauses 2 to 5 inclusive agreed to.

Preamble agreed to.

Title of bill agreed to.

Bill to be reported.

Hon. Mr. GREGG: Mr. Chairman, in July the commission at my request submitted this to the Unemployment Insurance Advisory Committee, composed, as I have stated on another occasion, of representatives of management and of unions and they concurred in the suggestion. The memorandum which the Commission presented to the Unemployment Insurance Advisory Committee was quite a comprehensive one setting forth the reasons why. It ran to nine or ten pages. They had some left over—about 30 copies—and if members of this committee would like to have a copy to add to their file on this matter it will be available.

Mrs. FAIRCLOUGH: I have a suggestion, Mr. Chairman. I do not know whether other members of the committee will agree with me, but it is not going to be possible for us to have the proceedings of this meeting available very quickly.

Hon. Mr. GREGG: Not before we leave, I do not think.

Mrs. FAIRCLOUGH: How long will it take the minister to read this statement into the record in the house or to ask permission to have it appended to Hansard?

Hon. Mr. GREGG: If that course were taken, I have a boiled down version which I had ready for second reading yesterday and if it was the wish of this committee, when we come into committee of the whole, at the opening I would read that statement. It would not take longer than nine minutes or so.

Mrs. FAIRCLOUGH: I suggest we have these copies which are available, but for the purpose of the permanent record—

Hon. Mr. GREGG: I would give my abstract. I wonder if at the same time—I hope to be able to convey to the leader of the house a rough estimate of what time we think would be required in committee of the whole to deal with this. I suppose it could only be a guess.

The CHAIRMAN: Has anyone any suggestions?

Mrs. FAIRCLOUGH: I won't guess on that.

An Hon. MEMBER: Five minutes.

Mrs. FAIRCLOUGH: I do not think any of us could speak for all members of our party. I do not anticipate it will take too long but I do not want to make any commitment.

Mr. GILLIS: Would it be possible to put those chart examples on the record?

Hon. Mr. GREGG: We plan to do so. Copies of the charts are available.

Mr. GILLIS: Before you forget it—the advisory committee's memorandum—you were going to supply us—

Hon. Mr. GREGG: That is coming now. That is not their memorandum. It is the commission's memorandum to the advisory committee.

—The committee adjourned.











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Canada, Industrial Relations Standing  
Committee on 1957

(HOUSE OF COMMONS

Fifth Session—Twenty-second Parliament

1957

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STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

Chairman: G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

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UNIVERSITY OF TORONTO

REPORT OF THE UNEMPLOYMENT INSURANCE COMMISSION  
FOR THE YEAR ENDED MARCH 31, 1956

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TUESDAY, FEBRUARY 19, 1957  
THURSDAY, FEBRUARY 21, 1957

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WITNESSES

From the Unemployment Insurance Commission: Mr. C. A. L. Murchison,  
Commissioner and Mr. James McGregor, Director of Unemployment  
Insurance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1957.



## ORDERS OF REFERENCE

### HOUSE OF COMMONS,

JANUARY 24, 1957.

*Resolved*, That the following Members do compose the Standing Committee on Industrial Relations

#### Messrs.

Barnett,	Gauthier (Lac-Saint-	MacEachen,
Bell,	Jean),	Michener,
Brown (Brantford),	Gauthier (Nickel Belt),	Murphy (Westmorland),
Brown (Essex West),	Gillis,	Nixon,
Byrne,	Hahn,	Philpott,
Cauchon,	Hardie,	Richardson,
Churchill,	Hosking,	Rouleau,
Cloutier,	Huffman,	Small,
Deschatelets,	Johnston (Bow River),	Starr,
Dufresne,	Knowles,	Studer,
Fairclough (Mrs.),	Leduc (Verdun),	Viau,
Fraser (St. John's East),	Lusby,	Vincent—35.

*Ordered*, That the Standing Committee on Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

MONDAY, February 18, 1957.

*Ordered*, That the Report of the Unemployment Insurance Commission for the year ended March 31, 1956, laid upon the Table of the House June 29, 1956, be referred to the said Committee.

TUESDAY, February 19, 1957.

*Ordered*, That the said Committee be empowered to print from day to day 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 66 be suspended in relation thereto.

*Ordered*, That the said Committee be granted leave to sit while the House is sitting.

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*

## REPORT TO THE HOUSE

TUESDAY, February 19, 1957.

The Standing Committee on Industrial Relations begs leave to present the following as its

### FIRST REPORT

Your Committee recommends:

1. That it be empowered to print from day to day 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence, and that Standing Order 66 be suspended in relation thereto.
2. That it be granted leave to sit while the House is sitting.

Respectfully submitted,  
James A. Byrne,  
*Acting Chairman.*





## MINUTES OF PROCEEDINGS

TUESDAY, February 19, 1957.

(1)

The Standing Committee on Industrial Relations met at 11.00 a.m. this day. The Chairman, Mr. G. E. Nixon, was unavoidably absent.

*Members present:* Messrs. Barnett, Bell, Brown (*Essex West*), Byrne, Deschatelets, Mrs. Fairclough, Messrs. Gauthier (*Lac St-Jean*), Gauthier (*Nickel Belt*), Gillis, Hahn, Hosking, Knowles, Lusby, MacEachen, Michener, Murphy (*Westmorland*), Philpott, Richardson, and Studer.

*In attendance:* The hon. M. F. Gregg, V.C., Minister of Labour; Mr. J. A. Blanchette, Parliamentary Assistant to the Minister of Labour; and Mr. C. A. L. Murchison, Commissioner of the Unemployment Insurance Commission.

On motion of Mr. Gauthier (*Nickel Belt*), seconded by Mr. Studer, *Resolved*, That Mr. Byrne be Chairman of the Committee for this day. There being no other nominations, Mr. Byrne took the Chair.

On motion of Mrs. Fairclough,

*Resolved*, That the Committee seek power to print 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence.

On motion of Mr. Philpott,

*Resolved*, That the Committee request permission to sit while the House is sitting.

On motion of Mr. Brown (*Essex West*),

*Ordered*, That a Subcommittee on Agenda and Procedure be appointed, and that the Chairman select 5 Members to serve on that Subcommittee.

Mr. Gregg outlined briefly those matters that he felt might be studied by the Committee, particularly railway workers' problems, general complaints and the application of Section 45(2) of the Unemployment Insurance Act.

On motion of Mr. Brown (*Essex West*),

*Resolved*, That the Subcommittee on Agenda and Procedure decide the matters to be dealt with at the next meeting and the time of that meeting.

It was suggested that members of the House of Commons who are not members of the Committee might attend the Committee's meetings and question witnesses. This matter was left to the Subcommittee on Agenda and Procedure.

At 11.30 a.m. the Committee adjourned to the call of the Chair.



THURSDAY, February 21, 1957.

(2)

The Standing Committee on Industrial Relations met at 11.00 a.m. this day. The Chairman, Mr. G. E. Nixon, was unavoidably absent.

*Members present:* Messrs. Barnett, Bell, Cloutier, Dufresne, Mrs. Fairclough, Messrs. Gauthier (*Lac-St-Jean*), Gauthier (*Nickel Belt*), Gillis, Hahn, Hosking, Huffman, Knowles, Leduc (*Verdun*), Lusby, MacEachen, Michener, Philpott, Rouleau, Small, Starr, and Studer.

*In attendance:* Mr. J. A. Blanchette, M.P., Parliamentary Assistant to the Minister of Labour, and *From the Unemployment Insurance Commission* Messrs. C. A. L. Murchison, and R. J. Tallon, Commissioners; Mr. L. J. Curry, Executive Directors; and Mr. James McGregor, Director of Unemployment Insurance.

Mr. Studer moved, seconded by Mr. Philpott,

That Mr. Gauthier (*Nickel Belt*) be Chairman of the Committee for this day.

There being no other nominations, Mr. Gauthier took the Chair.

*Agreed,* That, as recommended by the steering committee, the difficulties arising in the settlement of claims relative to the recent C.P.R. strike be the first matter to be considered by the Committee.

Mr. Murchison made a preliminary statement and introduced Mr. McGregor who presented a statement on the reasons for disqualification being imposed on Engineers of the C.P.R. due to a labour dispute. Mr. Murchison and Mr. McGregor were questioned on the matters referred to in the above mentioned statement.

Mr. McGregor presented an explanation of the waiting period under the Unemployment Insurance Act. The witnesses were questioned thereon.

*Agreed,* That the witnesses supply for the records of the Committee a statement outlining the Commission's policy regarding statutory holidays with pay.

The contributions of stevedores under the former and present Act were discussed.

At 12.35 p.m., the Committee adjourned to the call of the Chair.

E. W. INNES,  
*Clerk of the Committee.*

## EVIDENCE

Thursday, February 21, 1957.  
11.00 a.m.

The ACTING CHAIRMAN: May I first of all thank you for the honour of having been appointed acting chairman.

Unfortunately Mr. Byrne is not present and the minister is also absent today because of a cabinet meeting going on at this time; but he hopes to be here for some time before this meeting is over.

I think it was decided at the last meeting that we would hear some of the departmental officials on questions arising out of the claims of railway engineers and other trades who were affected by reason of the strike of Canadian Pacific employees, and the subcommittee recommends that this could be the first matter to be considered.

Is it the pleasure of the meeting to go on with this matter?

Agreed.

Mr. C. A. L. MURCHISON (*Commissioner, Unemployment Insurance Commission*): Mr. Chairman and hon. members, as your acting chairman has said, at the first meeting of the committee the minister enumerated the subjects upon which he felt discussion might be useful. It was agreed that at today's meeting the commission would present a paper in which would be described the disposition of the recent applications for benefit made by locomotive engineers of the Canadian Pacific Railway. The paper will outline the reasons for the commission's decision in the engineers' cases.

From that decision, incidentally, an appeal is being taken by the Brotherhood of Locomotive Engineers. By agreement between the brotherhood and the commission the case being used as a test case is that of an engineer who is not a member or an officer of the brotherhood of locomotive firemen and enginemen.

It should be remembered that there is the right of appeal to the umpire, who is a superior court judge.

Mr. Chairman, in view of the arrangement and also in view of the fact that the Board of Referees is now seized with the case, it is respectfully suggested that our duty will have been fulfilled to this committee when we recite to you the facts upon which the commission's decision was made and draw your attention to the section of the act which governs the making of that decision.

In addition to the engineers' cases there are those persons in other crafts and departments of the railway in respect to whom the effects of the waiting period and the law on earnings have been to them difficult to understand.

Therefore I think a word of explanation on the waiting period and the law on earnings would be helpful to this committee. So with your permission I would like to call upon Mr. James McGregor, director of unemployment insurance, to present to you a paper designed to cover the points to which I have referred. We have copies of that paper which we will distribute to you.



The ACTING CHAIRMAN: I shall ask the secretary of the committee to distribute those papers to the committee at this time. I shall now call upon Mr. McGregor to proceed with an explanation of certain disqualifications being imposed on engineers of the Canadian Pacific Railway.

Mr. JAMES MCGREGOR (*Director of Unemployment Insurance*): Thank you, Mr. Chairman. Ladies and gentlemen, this is an explanation for the disqualification imposed upon engineers of the Canadian Pacific Railway in the recent labour dispute.

Disqualifications were imposed on all firemen and all engineers of the C.P.R. in respect of the recent labour dispute, under section 63 of the Unemployment Insurance Act, which reads as follows:

63. (1) An insured person who has lost his employment by reason of a stoppage of work attributable to a labour dispute at the factory, workshop or other premises at which he was employed, is disqualified from receiving benefit until

- (a) the termination of the stoppage of work,
- (b) he becomes *bona fide* employed elsewhere in the occupation that he usually follows, or
- (c) he has become regularly engaged in some other occupation, whichever event first occurs.

(2) An insured person is not disqualified under this section if he proves that

- (a) he is not participating in, or financing or directly interested in the labour dispute that caused the stoppage of work, and
- (b) he does not belong to a grade or class of workers that, immediately before the commencement of the stoppage, included members who were employed at the premises at which the stoppage is taking place and are participating in, financing or directly interested in the dispute.

(3) Where separate branches of work that are commonly carried on as separate businesses in separate premises are carried on in separate departments on the same premises, each department shall, for the purpose of this section, be deemed to be a separate factory or workshop."

Under sub-section (2) of this section, a claimant who has lost his employment due to a labour dispute is disqualified from the receipt of benefit for so long as the stoppage of work continues unless he proves that

- (a) he is not participating in, or financing or directly interested in the dispute  
and
- (b) he is not a member of a grade or class of workers any of whom are participating in, financing or directly interested in the dispute.

Under the collective bargaining agreements between the respective brotherhoods and the railway, determination of whether an employee is a fireman or an engineer is made on what he was doing at 12.01 a.m. on the first day of each month. This basis was used by the Unemployment Insurance Commission and the status as at the 1st January, 1957, so established.

Those who were classed as firemen on this basis were disqualified as participating, and being directly interested, in the dispute.

It was found that some engineers, who are members of the firemen's brotherhood and are office bearers of that body, pay full union dues to the firemen's brotherhood even when acting as engineers. As the strike pay

disbursed to the firemen was paid from a fund to which these engineers were contributing, they were considered as financing the dispute and so were disqualified.

Since there were some engineers (members of the firemen's brotherhood) who thus financed the dispute, then all of the engineers, because they belong to the same grade or class of workers as those financing, were subject to disqualification.

Our decision is based on a decision of the umpire in which he disqualified all the firemen who were employed at the colliery when they lost their employment by reason of a stoppage of work attributable to a labour dispute.

The firemen were neither participating in, nor directly interested in the dispute. However, at the date of the stoppage, one of the firemen was a member of the mine workers' union which was financing the dispute. All the firemen were disqualified and the umpire went on to say:

To be entitled to relief (under section 63(2) of the act), an applicant must show that at the time in respect of which he claims benefit the conditions of that section are fulfilled in his case.

A representative appeal has been lodged, the decision of which will apply to all engineers excepting those who paid full dues to the firemen's brotherhood.

The ACTING CHAIRMAN: We might as well carry on with the sections here respecting the rates that apply to those who qualify.

Mr. MCGREGOR: This is an explanation of the waiting period.

Mrs. FAIRCLOUGH: Am I to understand that this ends any discussion?

The ACTING CHAIRMAN: Oh, definitely not. We merely want to clean up this thing.

Mr. KNOWLES: I think the other paper really covers a different situation. The one we have just heard deals with engineers who by decision of the commission are ruled out entirely, while the other paper deals with rates and benefits paid to those employees of the railway who did qualify. So it seems to me that we should clean up one situation before we go on to the other.

The ACTING CHAIRMAN: Well, I thought that perhaps we might get more light if the other paper was read immediately because it affects the rates payable to those who were qualified. There are many of them. There seems to be two sections,—engineers who were still under the brotherhoods and who did not qualify according to the umpire's ruling, and then there are many others who did qualify.

Mrs. FAIRCLOUGH: The matter of the waiting period goes far beyond the railway workers. It is a problem which affects all insured persons. If first of all you are going to consider railway workers, I think we should carry on with them.

The ACTING CHAIRMAN: I have no objection to our going into a discussion on the first paper at this time.

Mrs. FAIRCLOUGH: You may remember that the minister, when he was here, indicated what could be considered and he said that first of all we would consider railway workers; and then he said that if we had time after that we would consider the problem of the waiting period.

Mr. MURCHISON: I would like to point out that this explanation concerning the waiting period and allowable earnings contains several examples of actual railway cases. It really does not matter to the commission of course. We are here to submit to your will, but this has to do primarily with railway cases, involving an explanation concerning the waiting period and allowable earnings.

The ACTING CHAIRMAN: I believe then that we should go on with a discussion of the first brief read to us.



Mrs. FAIRCLOUGH: Mr. Chairman, the matter of disqualification of an employee under section 63(1)(b)—

Mr. MCGREGOR: Do you not mean section 63(2)(b)?

Mrs. FAIRCLOUGH: No, I am talking about the matter of employment elsewhere; section 63(1)(b) is the one; and I have here a letter, the original of which went to others, in which it is claimed that in Winnipeg the employment service was not extended to railway men, and none were registered for other employment. Now, that is not a matter which is under consideration by the court and I wonder if you have any report on conditions there, because there is going to be this complaint which comes from the officers of the Brotherhood of Railway Trainmen of America, and they claim that the employment service was not extended to them and consequently they could not register for employment.

Mr. MCGREGOR: A large number of the claims were made and skeleton registrations taken for everyone who made a claim. Essential particulars were put down sufficient to identify the person concerned with a view to later filling in a registration in full if the work stoppage had continued for any length of time that is beyond the matter of a week or ten days. There was a skeleton registration made for each person.

Mrs. FAIRCLOUGH: Then these people who qualified for benefits did so by reason of the fact that they were deemed to have been registered?

Mr. MCGREGOR: Registration has nothing to do with it.

Mrs. FAIRCLOUGH: If this service is open to them, how can you disqualify them?

Mr. MURCHISON: The provision is that he had to become regularly engaged in employment.

Mrs. FAIRCLOUGH: But he has no chance to become regularly engaged if the employment service is not open to him.

Mr. MURCHISON: There are many ways outside the employment service by which a person might obtain a job. The condition is that he has been regularly engaged. Casual employment even would not meet the situation or answer that condition.

Mrs. FAIRCLOUGH: It seems to me that if a man indicates his willingness to accept other employment, the facilities of the employment service should not be closed to him.

Mr. MCGREGOR: I do not think they were.

Mrs. FAIRCLOUGH: That is the claim that was made.

Mr. MCGREGOR: They were all registered with skeleton registrations at the outset with the idea of filling them in if the occasion demanded—if the work stoppage had gone on.

Mr. KNOWLES: Do I understand that the engineers were ruled ineligible for benefits included those who are members of both organizations and those who are members only of the engineers' brotherhood?

Mr. MCGREGOR: Yes, on the basis that they belonged to the same grade or class.

Mr. KNOWLES: I believe Mr. Murchison has already told us—but may we have it again—that the appeal which has been launched was with respect to one who was a member of both organizations?

Mr. MURCHISON: No. We were really leaning backwards in order to get the fairest possible decision from the tribunals in question. Therefore the case that has been chosen is that of an engineer who belongs to the "Big E" and who has nothing to do with the Brotherhood of Locomotive Firemen and Engineers and he is not an officer of that union and does not pay dues thereto.

Mr. MICHENER: I may have missed this information for which I am now going to ask. What is the number of engineers involved, or those who have their rates dependent on this decision, and what would be the average compensation to each, so that we may get an idea of the proportions of the problem?

Mr. MCGREGOR: Among the number, as far as we can estimate, there are 2,800. That is, there are 2,800 engineers of the Canadian Pacific Railway, 500 of whom are dual members of the Brotherhood of Locomotive Firemen and Enginemen as well as of the Brotherhood of Engineers. Originally I think I gave the figures as 3,300, but I was counting the 2,800 members of the Engineers' Brotherhood and the 500 (members of the Firemen's Brotherhood) whereas these latter 500 were included in the 2,800. That would be the maximum number involved and in all probability they would be at the highest benefit rate. The amount of benefit to which they would be entitled would depend upon the earnings in the week in which the strike occurred and also in the week in which the strike ended. This will be covered by the explanation of the waiting period and the allowable earnings.

Mr. MICHENER: There may be 2,800 engineers in total and something like a week's compensation involved.

Mr. MCGREGOR: Not necessarily.

Mr. STARR: Mr. Chairman, it seems to me there was a very unfair decision made under the act where the firemen were neither participating nor directly interested in the dispute, but at the same time of the stoppage of the work one of the firemen was in charge of the mineworkers' union which was financing that dispute. As a result of that all the firemen were disqualified. The unfairness is probably that none of the firemen were aware that this one fireman was in a position which would disqualify them.

Mr. MURCHISON: That point raised by the honourable member concerns another case entirely and has nothing to do with the commission. It probably should have been made more precise, that that was a citation from a decision of the umpire in another case. That was used as part of the jurisprudence in dealing with the railway case.

Mr. STARR: The unfairness still remains.

Mr. MCGREGOR: That is the umpire's decision. We cannot do anything about it.

Mr. BELL: Is this pay which comes out of the fund contributed to by a particular union, or would that be from a group of unions.

Mr. MCGREGOR: A particular union, from the firemen's brotherhood.

Mr. BELL: In other words the appellant in this case is not a member of the immediate union but he is a member of another union, and the union in which he is a member would not be involved.

Mr. HOSKING: Why would these 500 people be members of two unions? What are the advantages?

Mr. MCGREGOR: The explanation given to us by the two brotherhoods concerned is as follows. When a fireman graduates to an engineer, that is if he is an engineer at 12.01 a.m. on the first day of any month he is classed as an engineer for that month and has to pay union dues to the Brotherhood of Locomotive Engineers. He has certain vested rights in the Brotherhood of Locomotive Firemen in that he is being covered by group insurance, and so on, and makes a token payment to the firemen's union, maybe up to a dollar a month, which is used wholly and solely by his local lodge. We disregarded that entirely in our thinking because that money did not go into the fund from which the firemen's strike pay was paid.

But there was another type of engineer; who, as an office-holder in the firemen's brotherhood is excused from paying dues to the engineers union and pays to the firemen's union his dues which went into the strike fund from which the firemen's strike pay was paid.

Mr. KNOWLES: Because there were a few such individuals in the 500 group you found it necessary to disqualify the 2,800; is that the situation?

Mr. MICHENER: Has Mr. McGregor information as to the number of the 2,800 who actually claimed compensation?

Mr. MCGREGOR: No. We do not attempt to keep a record of those by specific groups when claims are made.

Mr. MICHENER: That is the maximum number who could claim under the ruling, but you do not know how many of those who claimed qualified?

Mr. MCGREGOR: No.

Mr. MICHENER: Was it a large number?

Mr. MCGREGOR: Quite a large number, I think.

Mr. MICHENER: There is another point which arises out of the reading of the brief. I notice in subsection 2 of the act, the clauses (a) and (b) are joined by the word "and" and Mr. McGregor used the word "or". Was that deliberate?

Mr. MCGREGOR: No. I beg your pardon. Perhaps I should explain that a person who has lost work because of a labour dispute has to prove six things. First of all he has to prove that he has not participated in the dispute, he has not been financing the dispute, he is not directly interested in the outcome of the dispute, and that he is not a member of a grade or class of which there are members who are participating in the dispute, directly interested in the dispute, or financing the dispute. Those six things he has to prove.

Mr. STUDER: Would these engineers who were supposedly disqualified from unemployment insurance benefits not be eligible to receive payments from the firemen's union fund, or are they disqualified on both counts.

The ACTING CHAIRMAN: That is a union matter. The commission would not know anything about a matter of that kind.

Mr. STUDER: It would appear to me that the engineers who were involved would be aware of the unemployment insurance regulations before the strike was precipitated and that they would govern themselves accordingly and either withdraw from the firemen's union in order to be eligible for unemployment insurance benefits or accept the consequences.

The ACTING CHAIRMAN: I think that they know pretty well through their collective bargaining agreements that they would be disqualified in a case of that nature.

Mr. HAHN: Should it not be the purpose of our labour legislation to recognize the desirability of an improvement in the situation. Certainly I feel that that should be carried through in the regulations as well. I am thinking of this case where a fireman became an engineer at 12.01 on the beginning of the month and by doing so had bettered his position and had become a more desirable individual in the labour force itself. This it seems to me is rather discriminatory in the over-all application. What is the attitude of the department in respect to improving one's position?

Mr. MURCHISON: It is rather difficult to answer that question. The point which you raise is written right into the act itself and we are simply administering the act and giving it what interpretation we feel is correct in the circumstances. If we are wrong we can be put right by the board of referees or by the umpire.



Mr. KNOWLES: What you are telling us is that if we want a change in this provision we have to have the minister introduce it in the House of Commons.

Mr. BARNETT: Referring to subsection 2 (b) of the act, if instead of reading "he does not belong to a grade or class of workers", that phrase read "he does not belong to a collective bargaining unit", would it take care of the situation that has disqualified the engineers who are not members of the Firemen's Brotherhood.

Mr. MURCHISON: That expression would not be appropriate for the general administration because not all plants are organized, not all establishments are organized, and therefore there are no bargaining units where there is no union in existence.

Mr. BARNETT: It does not necessarily have to be phrased in that exact way. I am relating it to this term which would segregate persons who are actually part of the segment of workers involved in the strike from those who appear to belong to a grade or class of workers. I use that phrase "collective bargaining unit" to make that distinction. I suggest that it should be phrased so that it would apply in the case of an organized situation. I think you understand the point I am driving at.

Mr. MURCHISON: I do. However, Mr. Chairman, would it not be as well for us to reserve our comments on that point until we have had the last word from the appeal boards and the umpire if necessary. After we have had the umpire's comments, in the case that the appeal is taken to the umpire, then consideration could be given to the problem in the light of that decision.

Mr. GILLIS: Mr. Chairman, the difficulties in connection with the firemen at this time appear to arise from a decision made by the umpire in another case. I wonder if it would be possible for the committee to have a copy of that judgment which was handed down by the umpire with respect to the firemen in the colliery case. This is another matter where a precedent is kicking back on us and causing difficulties. That is the crux of the matter.

Before we can render a judgment in the firemen's case we would have to know something about the judgment upon which the Commission made rulings. I do not know where that colliery was located, but I cannot understand firemen at a colliery being involved in a dispute, for the simple reason that firemen around a colliery are maintenance men, and provincial laws prohibit maintenance men from leaving a colliery in a condition which would endanger it. Where did it take place?

Mr. MURCHISON: Mr. Chairman, this is not a Canadian decision. I wish to point out to you that when the Unemployment Insurance Act was first put into effect there were no precedents, no jurisprudence, and nothing to help us in that way. Because of the fact that the Canadian act was at that time the same as the act in the United Kingdom, the practice was adopted, long before I was with the commission, of following the jurisprudence of the British umpire. The case to which you refer, Mr. Gillis, is that of a person in the United Kingdom involved in a strike at the colliery in question.

Mr. GILLIS: I think it is a poor thing to render a decision in this way. I know in Nova Scotia, and I think it is the same all over Canada, firemen have been prohibited by law from being involved in a dispute. I think what we have to do now is to determine the relationship between the situation you have described in the British act and its application to similar situations in Canada. It cannot occur in Canada, to start with.

I think Mr. Barnett will agree with me that the thing which we should do is to obtain that precedent. It certainly cannot occur in Canada.

Mr. HOSKING: Do you not think there is a little more involved in this than a precedent. Is this not a matter of a strike which has been stirring up for a

very long time. If these people were just taken on as engineers, having been firemen, then all the time this was under discussion they would have been firemen and voting as firemen to go on strike. It is possible that at the last moment when the strike actually took place they were promoted to be engineers. However, during all the considerations and action which took place during the past year they were actually firemen. We have to decide whether we should pay unemployment insurance to people who go on strike or whether we should not.

Mr. KNOWLES: Are you not overlooking the fact that there are 2,800 people who are actually engineers, who do not come under the situation which you have described but who are being denied this benefit because perhaps ten or some such number of their fellow workmen happened to hold the dual membership.

Mr. HOSKING: I do not think that is the point at all. I think the point is that during the past year when the discussions and debates and all the arrangements preceding a strike took place most of them would have been firemen.

Mr. KNOWLES: Most of the 2,800? Surely not.

Mr. HOSKING: Yes. They are only temporary firemen as I understand it.

Mr. MURCHISON: Mr. Knowles referred to some of the engineers who might be in another union. It is pointed out that there were approximately 500 holding dual membership, and in addition it is our information that the presiding officer or the chairman of some locals is an engineer and not a fireman. That is why he is holding membership as an engineer, and that is why he is the chairman of the local. He is the person, I am informed, who was called upon to vote on whether or not they would take strike action. However, apart from the point as to the British umpire's decision, there is the principle which will have to be settled by a Canadian board as to whether or not in the circumstances outlined in this case there was enough done by the participants, the people who were actually members of the Firemen's Union, to cause all the others, because they were in the same grade or class, to be disqualified. That is the issue.

Mr. KNOWLES: Is this the first case of this kind of incident so far as Canada is concerned?

Mr. MCGREGOR: Yes.

Mr. HAHN: Mr. Chairman, there is another question which arises out of section 63 (2) (a): "he is not participating in, or financing or directly interested in the labour dispute that caused the stoppage of work,—". I am wondering whether my interpretation of this is wrong or not, and I would like to be corrected if I am wrong. Are we to understand from this section of the act that should an individual, let us say who belongs to the typographical union, assist directly in the financing of a fireman, or donates to a fireman's fund, and it could be shown that such is the case, that it would disqualify all the members of that typographical union?

Mr. MCGREGOR: Not in the case of individual donations like that. The British umpire has already established that policy. It is only in the cases of this kind where there is organized financing through union funds, or some such thing.

Mr. BELL: In our previous considerations of the Unemployment Insurance Act has it ever been necessary to modify or loosen the act because of the fact that our administrative appeal boards are following an unjust and harsh decision—and perhaps rightly so? In other words, supposing that in this case this precedent was followed, which is a little bit different due to

our changing labour conditions, and we agreed that it was rather harsh due to the circumstances, would favourable consideration be given to loosening or modifying the act, or has that ever been done?

Mr. MCGREGOR: Mr. Chairman, I think it was done in the case of "holiday pay" at one time. I think that was one incident that I can recall. It can be done at any time, of course.

Mr. KNOWLES: If the decision with regard to this appeal is favourable to the men, is there anything in the statute that bars any of the engineers, who have not yet applied, from receiving benefits, or will those benefits be automatically available to all of the engineers whether they applied or not?

Mr. MCGREGOR: This one test case will apply to all the engineers of that one group, all those who applied, only. With respect to those who did not apply, there is the question of antedating, and unless they had good cause for not making a claim at the proper time, they could not get benefits. That is under the section on antedating.

Mr. KNOWLES: With regard to that matter, at what stage of the game did the engineers know that the commission was denying their claim? I ask that for an obvious reason. If it was known to the men that their claims were going to be denied, that would discourage some of them from bothering to apply.

Mr. MCGREGOR: Three weeks after the strike started. In other words, they would be back at work almost a week before that decision was made—at least a week, if not two weeks.

Mr. MICHENER: If the decision is favourable to the engineers, you will have to determine the number who have applied and deal with their cases?

Mr. MCGREGOR: Mr. Tallon reminds me that the brotherhood sent out circulars to their member lodges right at the beginning of the strike.

Mr. MICHENER: I asked you before about the number and you said it was quite a large number.

Mr. MCGREGOR: We could easily pick those out. That is to say, they were disqualified under a certain code. We could pick out all those codes—pick them out and readjust them. That happens quite frequently.

Mr. MICHENER: Can you say when the decision is expected?

Mr. MCGREGOR: No, sir. That will depend on the umpire.

Mr. MICHENER: How long has it been before the umpire now?

Mr. MCGREGOR: It is only going before the board of referees now. I was informed last week by the Brotherhood of Engineers that they were making that claim on an Ottawa case—an appeal, I beg your pardon. I suggested that they take an Ottawa case so that they could nurse it all the way through. I think they have done that.

Mr. MICHENER: What is the normal length of time that elapses before the appeal is disposed of?

Mr. MCGREGOR: The board of referees could dispose of the appeal in about two weeks, perhaps. Then we have 21 days after that in which to appeal to the umpire, and so have they.

Mrs. FAIRCLOUGH: What is the situation with regard to engineers generally? Are they all covered by insurance, regardless of the amount of earnings?

Mr. MCGREGOR: Yes, being on a mileage basis.

Mr. MICHENER: Has the board formulated as yet any policy with respect to a further appeal to the umpire?



Mr. MURCHISON: It depends on the nature of the decision made by the board of referees.

I understand, Mr. Chairman, from talking to Mr. Campbell, who is the person responsible here on behalf of the engineers, that he is busily engaged at the present time preparing a brief, and he wants a few days to complete that brief. I can assure you that the board of referees will be prepared to hear him just as soon as it is convenient.

Mr. MICHENER: Then the decision of the board, at present, is that the ruling, the board's decision, is right and the appeal of the engineers will be contested by counsel for the board?

Mr. MCGREGOR: I think, sir, if the board of referees maintains our decision, Mr. Campbell has already intimated to me that he will go right to the umpire.

Mr. MICHENER: Will the commission be represented before the board of referees by counsel opposing the appeal?

Mr. MCGREGOR: No.

Mr. MICHENER: That is just left to the board to decide.

Mr. BELL: Is this just a test case?

Mr. MCGREGOR: Yes.

Mr. KNOWLES: Mr. Chairman, Mr. McGregor has reported to us Mr. Campbell's statement that, if the decision goes against the men, they will take it to the umpire. Is he in a position to say what the commission will do if the decision is favourable to the men?

Mr. MCGREGOR: No.

Mr. MICHENER: That, I take it, has not been decided?

Mr. MCGREGOR: No.

Mr. BELL: I think that is reasonable, Mr. Chairman.

The ACTING CHAIRMAN: You have got to take the position that they are waiting to see what the decision is going to be.

Mr. MICHENER: What is the commission's normal practice in appeals from its initial decision? Is it to contest the appeal, or to leave the matter entirely to the board of referees?

Mr. MURCHISON: The practice is, Mr. Chairman, for the insurance branch to recommend to the commission that an appeal be taken in such a case. It is then left for the commission to determine whether an appeal should be taken. The commission has the last word in the matter of an appeal from the board of referees' decision to the umpire. We do not always go along with the insurance branch in such recommendations.

Mr. KNOWLES: There may have been an answer to this question before, but may I put it again to either of the gentlemen. Has there ever been a case before the board of referees where it has had to look at this British precedent and decide whether it would be good or not, or decide about it at all?

Mr. MURCHISON: Have you reference to this particular British decision?

Mr. KNOWLES: Yes.

Mr. MURCHISON: Not this particular case.

Mr. KNOWLES: In other words, am I correct in assuming that this is the first time the commission has fallen back on this British precedent, and that this will be the first time the board of referees, therefore, has had to decide whether that precedent should apply?

Mr. MURCHISON: I do not know whether it is right to say we fall back on it. The practice is to look up the jurisprudence, and if you come to a case in point, then it is used to help us.

Mr. KNOWLES: What I am getting at is this: the board of referees is not bound by any precedent on its part that would make it necessary for the board to follow this precedent?

Mr. MCGREGOR: It is bound by a Canadian decision,—definitely bound by that, but in this particular instance, no.

Mr. KNOWLES: That is hopeful.

Mr. MICHENER: But they are bound by a decision of the Canadian umpire.

Mrs. FAIRCLOUGH: But there is every possibility that the outcome of this will establish a precedent in Canadian jurisdiction?

The ACTING CHAIRMAN: A Canadian precedent.

Mr. HOSKING: May I follow my thinking and get it clear. We know nothing about this case that you are using as an example. In this case, how many of these engineers—or would you have any idea of the number of these engineers—would have been in a position to discuss a strike, as firemen, in the preceding months? I ask that question for this reason: I do not know if I would go along with the ruling that, if there were just one or two, the whole group should be disqualified. Would you have any idea how many of them would have voting rights, and take part in the meetings and in the discussions in the previous period of, say a year, before the strike actually took place?

Mr. MCGREGOR: Mr. Chairman, the best answer I can give to that is that I would think—I do not know for sure—those 500 who were dual members, having been members of the Firemen's Brotherhood, would be entitled to vote. I would not be sure of that. I would think that they would be entitled to vote in any decisions taken by the Brotherhood of Locomotive Firemen.

Mr. HOSKING: So that there would be one-sixth of them, 500 out of 2,800—a little more than a sixth.

The ACTING CHAIRMAN: Will we go on with the other brief now?

Mr. MCGREGOR: This is an explanation of the waiting period under the act, and also an explanation of the allowable earnings and its application. Dealing first with the waiting period:

At the beginning of each benefit period, that is, when a claimant establishes his right to benefit by having the requisite number of contributions he has to serve a waiting period before any benefit can be paid to him.

This waiting period is somewhat like the deductible clause in an automobile insurance policy whereby the insured (owner) is himself liable for the first \$50.00 (or \$100.00) of loss that occurs.

The waiting period is expressed in terms of money, the amount being equal to one full week's benefit. Thus, if a claimant's benefit rate is determined as \$30.00 then the first \$30.00 that he would be entitled to, after making his claim, is not paid to him but is applied as the waiting period.

#### *Explanation of Allowable Earnings*

Every claimant is allowed to earn a certain amount, each week he is on benefit, without loss of benefit. This amount varies with the weekly rate of benefit to which he is entitled, as per the following table:

I do not propose to read the table. It varies all the way from \$2 where the benefit rate is \$6 for single, and \$8 for dependents, up to \$13 when the rate is \$23 for single and \$30 for dependents.

For example, consider a claimant whose weekly rate of benefit is \$30.00. He is allowed to earn up to \$13.00 in any week and still get full benefit of \$30.00. But, in any week in which he earns more than \$13.00 the excess is deducted from his benefit. Thus, if he earned \$25.00 one week, the weekly benefit is reduced by \$12.00 (\$25.00 less (allowable earnings) \$13.00=\$12.00).

This rule applies to every week that the claimant is on benefit including the waiting period.

Now, here are some examples of the effect of earnings on the waiting period and on benefit payments subsequent to the waiting period.

#### 1. Claimant "A"

Weekly benefit rate—\$30.00; allowable earnings—\$13.00; waiting period—\$30.00. Initial claim filed week commencing 30 December, 1956.

During this week "A" earned \$40.00. He is allowed to earn \$13.00 without loss of benefit so \$13.00 is first taken off the total earnings of \$40.00, leaving \$27.00 of excess earnings, that is, \$27.00 in excess of the \$13.00 that is allowable. His weekly rate of \$30.00 is, therefore, reduced for that week by the \$27.00 excess earnings so that there are \$3.00 coming to him. But, as already mentioned, he has first to serve the waiting period of \$30.00 before any benefit can be paid to him. The \$3.00 is, therefore, applied against the \$30.00 waiting period so that he has still \$27.00 (\$30.00 less \$3.00) of the waiting period to serve.

That is a typical case, I might say, of the railway men in this last strike.

#### *Week commencing 6 January, 1957*

In this week "A" earned \$23.00. As already mentioned (see table above) he is allowed to earn \$13.00 without loss of benefit so that his excess earnings this week are \$23.00 less \$13.00 or \$10.00.

These excess earnings of \$10.00 are then deducted from the weekly rate of \$30.00 so that leaves \$20.00 (\$30.00 less \$10.00). But he has still \$27.00 of his waiting period to serve so the \$20.00 is applied thereto leaving \$7.00 of the waiting period yet to be served.

#### *Week commencing 13 January, 1957*

In this week "A" earned nothing and would be entitled to the full \$30.00 except that he has \$7.00 of his waiting period yet to serve. He is, therefore, paid \$23.00 (\$30.00 less \$7.00).

#### 2. Claimant "B"

Weekly benefit rate—\$30.00; allowable earnings—\$13.00; waiting period—\$30.00. Initial claim filed week commencing 30 December, 1956:

During this week "B" earned \$48.00. He is allowed to earn \$13.00 without loss of benefit. His excess earnings for the week were, therefore, \$48.00 less \$13.00, or \$35.00. As \$35.00 is more than the weekly rate of benefit nothing can be applied on his waiting period which means that the full waiting period of \$30.00 has yet to be served.

#### *Week commencing 6 January, 1957*

In this week "B" earned \$12.00. As this is less than his allowable earnings (or \$13.00) no deduction is made from his weekly rate of \$30.00. The \$30.00 is applied on the waiting period which is, therefore, served in full.



*Week commencing 13 January, 1957*

In this week "B" earned nothing and, as his waiting period has been served in full, he is paid the full rate of \$30.00.

3. *Claimant "C"*

Weekly benefit rate—\$30.00; allowable earnings—\$13.00; waiting period—\$30.00. Initial claim filed week commencing 30 December, 1956.

During this week "C" earned nothing. He will, therefore, be entitled to the full \$30.00, except that he has his waiting period of \$30.00 to be served. This means that his full waiting period has now been served.

*Week commencing 6 January, 1957*

In this week "C" earned \$42.00. He is allowed to earn \$13.00 without loss of benefit so that his excess earnings this week are \$42.00 less \$13.00, or \$29.00.

These excess earnings are deducted from the weekly rate of \$30.00 so that leaves \$1.00. As his waiting period has been served in full he is, therefore, paid \$1.00 (\$30.00 less \$29.00). It was fully dependent on the earnings in that first week and on the earnings in the second week.

4. *Claimant "D"*

Weekly benefit rate—\$26.00; allowable earnings \$9.00; waiting period—\$26.00. Initial claim filed week commencing 30 December, 1956:

During this week "D" earned \$40.00. He is allowed to earn \$9.00 without loss of benefit. His excess earnings for the week are, therefore, \$40.00 less \$9.00 or \$31.00. As \$31.00 is more than the weekly rate of benefit nothing can be applied on his waiting period, which means that the full waiting period of \$26.00 has yet to be served.

*Week commencing 6 January, 1957*

In this week "D" earned \$24.00. He is allowed to earn \$9.00 without loss of benefit so that his excess earnings for this week are \$24.00 less \$9.00, or \$15.00. These excess earnings are then deducted from the weekly rate of \$26.00 so that leaves \$11.00 (\$26.00 less \$15.00). But he still has his full waiting period (\$26.00) to serve so the \$11.00 is applied thereto leaving \$15.00 of the waiting period yet to be served.

*Week commencing 13 January, 1957*

In this week "D" earned nothing so he would be entitled to the full \$26.00 except that he has \$15.00 of his waiting period to serve. The full waiting period is, therefore, served and he is paid \$11.00 (\$26.00 less \$15.00).

*Important*

It should be noted that the waiting period is served only once during a benefit period. A benefit period runs for 52 weeks unless all of the benefit authorized is used up before that time. In most cases, therefore, a waiting period is served only once in 52 weeks.

Mrs. FAIRCLOUGH: Would you mind going back to page 4 of your brief and taking the case of "B" who in the week commencing the 13th January, where they say in this case "in this week B earned nothing, and as his waiting period had been served in full, he is paid the full rate of \$30".

Had he earned \$13 in that week he would still have been paid the full rate, would he not?

Mr. MCGREGOR: That is correct.

Mrs. FAIRCLOUGH: I thought that was a point that should be cleared up. It helped in that case that he did not earn anything more.

Mr. MCGREGOR: The week before was \$12, being just under \$13.

Mrs. FAIRCLOUGH: There is a situation which occurs in the automobile industry. It occurs in the Studebaker plant in Hamilton where they have been working on alternate weeks. When you take the case of a man—and this happens almost every year—a man working probably for ten and a half months full time—and they have a system whereby they try to give senior employees some work, and they probably work one day a week. Well, let us say that they pay them the 60 cent stamp, and they have this in their books for ten and a half months and they come along and get a 16 cent stamp to cover that one day. The benefits are paid on the average of the last 30 weeks. So here they have only 30 weeks, of which probably five or six weeks are with 16 cent stamps and the rest of the time with 60 cent stamps; so instead of qualifying for \$30 benefits, they only get \$26 benefits; but at the same time their allowable earnings are cut by \$13 a week to \$9 a week.

It seems to me that these people might very well say that they are going to be better off if they refuse the one day a week and claim the larger amount of benefit if their allowable earnings stayed at the rate which would have been theirs had they continued the \$30 a week. If every applicant who applied for unemployment insurance had a 60 cent rate, he would have \$30 a week. But when he works this time (less than full time) it cuts not only his benefits but it also cuts his allowable earnings away down.

Mr. MCGREGOR: The principle of that is that the rate reflects the earnings, and over those last 30 weeks this man's earnings have been reduced. The benefit of course is an indemnification of the earnings to some degree and is governed by the earnings of the last 30 weeks.

Mr. MURCHISON: No, during the last 24 weeks.

Mr. MCGREGOR: No, during the last 30 weeks.

Mr. MURCHISON: 30 weeks; that is right!

Mr. LUSBY: There is no provision under the act by which the commission can waive that waiting period?

Mr. MCGREGOR: Yes, if one benefit period immediately follows another. If a man uses up all his benefits and is still unemployed, he can requalify for benefits under certain circumstances and the waiting period can be waived, but that is only when one benefit period immediately follows another.

Mr. LUSBY: I think your department issues a brochure which endeavours to explain matters in connection with unemployment insurance for the ordinary person?

Mr. MCGREGOR: Yes.

Mr. LUSBY: There was a situation in Springhill, Nova Scotia, last fall, following the mine disaster. There were two mines operating. When the explosion occurred—which was on Thursday, November 1st—the number 4 mine immediately went out of operation. Number 2 mine was the adjoining mine and it was not directly affected—but for safety reasons, and to carry on rescue operations, it shut down for a short period.

It so happened that the waiting period coincided with the opening and the resumption of work at the number 2 mine.

At that time number 4 mine started to receive unemployment insurance benefit and the number 2 mine was not eligible. I understand that because of an ambiguity in this brochure they were under the impression that the commission could have discretion to grant them unemployment insurance in regard to these waiting days. As a matter of fact they went out on strike for a day or two over it.

I thought it was very unfortunate according to the information I had from the U.M.W. and the town officials, the main indignation was due entirely to the fact of that misinterpretation of the terms of this brochure. It seems to me that it could be more clearly worded, and that it is something you might keep in mind.

Mr. MURCHISON: Let us make a note of that.

Mr. MCGREGOR: When you write a brochure you try to condense things so that it will be easily readable. You do not bring in all the sections of the act and so on. What we say in there actually is that "under certain circumstances the waiting period may be waived," and I think that is as far as we go, as I recall it. But as I have explained to you, the circumstances must be that one benefit period immediately follows another. There is no attempt made to go into it in the brochure because it is rather involved.

In the last two weeks of his claim the excess earnings must not be greater than the weekly benefit rate before this waiving can come into operation. This is rather involved to try to put over in a brochure of that kind, and I think that is the reason for its being condensed and having been shown in the way indicated.

Mr. LUSBY: It does seem to me sometimes that perhaps it should be made clear that it does not apply to the ordinary situation.

Mr. KNOWLES: I would like to return to the application of the material which Mr. McGregor has given to us as it affects the men who were involved in the lay-off that resulted from the Canadian Pacific Railway strike. I am referring now to this brief which has been read, and to the men in occupations who were able to qualify, such as machinists, car cleaners, and all sorts of men in jobs of that kind.

I am sure that the officers of the commission know just as well as we do, that it is in this field where there is the greatest number of complaints; and they are still coming in. As a matter of fact it was on the basis of complaints of this kind that I suggested to the minister last week that a meeting of this committee might be held; and still more letters are coming in.

The complaints the men make, even after I have had the privilege of talking to Mr. McGregor and sending his explanations back to the men, are that they cannot understand how different men can be off work as a result of the strike for the same length of time and yet end up drawing benefits varying from \$1 to \$30 over the period they were off work.

It is an easy thing to put it down in terms of this memorandum, but it is still pretty difficult to explain to the men that there should be those differences. And I would point out that while this very brief may show how the act has to be interpreted, it also demonstrates the complaint of the men. For example, if you take these four cases which have been set out in this brief, A, B, C and D and add up total earnings of each of these people as they are set out in the brief, and set off against them the amount of benefits which each man received, then you have a picture and a confirmation of the complaints the employees are making.

In the case of "A", his total earnings are set out in the example as being \$63, but he drew benefits of \$23 for the time he was unemployed. In the case of employee "B" he had total earnings of \$60, and he drew benefits of \$30. The difference in earnings was very slight, but the second man drew \$7 more.

In the case of "C", his earnings were only \$42, but his benefit was only \$1; and in the case of "D" his earnings were \$64 and his benefits were only \$11. I see Mr. McGregor is nodding his head that my figures are correct.

Indeed, all I have done is to add up the figures in the examples which were given to us today. We appreciate the fact that you gentlemen realize that a memorandum which explains how it works does not remove the feeling



of grievance from the minds of these employees. We realize that you must operate under the act and you have to administer it according to its terms; but I would ask you this question: is this partly as a result of the change made in 1955 when the act was put on a weekly basis?

Mr. MURCHISON: There were no allowable earnings under the previous act. This was introduced later. There were no allowable earnings features in the original act. It was only in 1955, with the revision, that the allowable earnings provision was inserted. There were rules concerning the earning of money through subsidiary employment.

Mr. KNOWLES: Yes.

Mr. MURCHISON: But it was only in the 1955 revision that this provision was made applicable.

Mr. KNOWLES: Is it true to say that in the 1955 revision a change was made with respect to the waiting period so that it was expressed in terms of dollars rather than in terms of days, and also that every week stands on its own? I can see the gentlemen are nodding their heads; I take it they agree with me that that is what is causing some of these troubles.

Mr. MURCHISON: The trouble only occurs at the beginning of the benefit period. This business of waiting out the amount of your weekly benefit is troublesome at the start, but once you have got over that difficulty, the other applications of the law of earnings is simple.

Mr. KNOWLES: In other words, if the strike or loss of work had continued indefinitely, the point would eventually have been reached when all these men would have been drawing the same benefits every week?

Mr. MURCHISON: That is right, subject to their earnings, because the amount of benefit must follow the excess earnings.

Mr. KNOWLES: The difficulty is that when the strike occurred some went off work at 4 o'clock that day, while others worked that night, and still others worked the next day; and moreover they went back to work at different times. It is still pretty hard to explain to the men how there can be all these differences in benefit from nothing up to \$30 a week, when the length of time that they were off work is the same in so many cases.

I realize that this is getting into the realm of policy, yet in respect to unemployment insurance the commission does consider policy matters and make recommendations; and I wonder if this experience has not raised some questions which need to be reviewed so far as the act itself is concerned. You have never had an experience like this before?

Mr. MCGREGOR: We have them every week. In regard to the different claimants, I think it depends wholly on their earnings; and I would say that there was great difficulty on the part of some railway men in declaring their proper earnings. Some men knew the rates exactly and what they would get for the two or three days. Others did not report that they received holiday pay for January 1 while others did.

Mr. KNOWLES: That brings up another issue I would like you to explain when we get through with this one.

Mr. MCGREGOR: I know, because I have been informed by the local offices, that some men in the running trades, reported only their basic daily rate, which is quite different from the actual amount of wages they received. The matter is in the course of being adjusted, where we find that a man had declared only his basic rate while he actually received more than that. We are going after it and are having adjustments made where necessary. That is another factor; as a matter of fact I think that is the biggest factor in the differences in the amounts actually received.

Mr. KNOWLES: At this point, since you have now brought it in, may I say that one of the complaints I have received from a number of different unions representing the men concerned, was that at Winnipeg, at any rate, different rulings were made. At one time they were told not to include statutory holiday pay for January 1, and the men acted accordingly. But a week later they were told that an opposite ruling had come from Ottawa. When this sort of confusion arises, I need not try to tell you the kind of material which comes to us in letters from those affected.

The ACTING CHAIRMAN: By whom were they told?

Mr. KNOWLES: The unemployment insurance office in Winnipeg.

Mr. MCGREGOR: There was an error made at the Winnipeg regional office in that regard, with respect to holiday pay. Claimants were told to disregard it. That was the only region where it occurred; and we corrected it.

Mr. KNOWLES: Can we be assured that no men will suffer from that error?

Mr. MCGREGOR: They were told to make adjustments wherever they possibly could and get the amended weekly reports which form the basis of payment.

Mr. KNOWLES: Could you at this time put on the record a memorandum which would give us the information as to how the act works with respect to statutory holiday pay. It seems to me that that should be part of the record for today or of the next day we sit.

Mr. MURCHISON: You are suggesting that a paper be prepared and filed to form a part of these proceedings?

Mr. KNOWLES: Yes. It might include "A", "B", "C" and "D" again, and I believe it would prove the grievance which the men have.

Mr. HAHN: I have a question to ask further to the question asked by Mr. Knowles.

The ACTING CHAIRMAN: Mr. Knowles, do you wish to have that printed as an appendix?

Mr. KNOWLES: If we are not meeting again, then I would suggest that you do it in that way; and if we are meeting again I would suggest that it be provided at the next meeting.

The ACTING CHAIRMAN: We can meet again.

Mr. KNOWLES: Perhaps it should be part of today's proceedings and can be prepared and submitted as an appendix.

The ACTING CHAIRMAN: Is it agreed?

Agreed.

Mr. HAHN: Further to the earlier question asked by Mr. Knowles and Mr. McGregor's statement that it depends wholly on the earnings, I am thinking of a different class, the stevedores in the New Westminster area. There we have a situation where there are many different earnings and as I understand it the divisor used there is \$18. I am thinking of a situation where a man works 14 hours, which is actually equal to two days, and earns \$35.18, let us say, and by using the divisor of 18 he is only given credit for one day. Another man might earn \$1.70 or \$1.50 in a two-day period, or one day, and is, where a divisor of 18 is used, given a ten cent stamp for that. This area has many different stevedoring firms. A man may work for several different firms in a day and only get three stamps in a week. That does not agree with the statement of Mr. McGregor that it depends wholly on the earnings. It is difficult to explain that to these men.

I wonder if Mr. McGregor would care to make a statement on the application of that as it now stands.

Mr. MCGREGOR: With respect to the question raised by Mr. Hahn there are actually four rates in operation. I understand that you are referring to the New Westminster area.

Mr. HAHN: Yes.

Mr. MCGREGOR: There are actually four rates in operation and four divisors. If the hourly rate of earnings is from \$1.15 to \$1.54 the divisor is \$10. If the hourly rate is \$1.55 to \$1.90, it is \$12; if it is from \$1.91 to \$2.35, it is \$18; and if more than \$2.35 the divisor is \$22. In the present pattern of stevedores' employment they work long hours at a stretch with gaps between the jobs and they may work for several employers in a day. The commission under the old act provided regulations for a divisor system of contributions. Under this system, the earnings of the stevedores were divided by a daily amount depending on the local hourly rate. For example, at Halifax where the rate is less than \$1.70 an hour, the divisor is \$12, and where it is \$1.70 and over the divisor is \$14. Thus, if a stevedore earned \$36 in a week and his hourly rate was less than \$1.70, he was entitled to three days contributions. The rates of contribution were, in turn, related to the daily rate of earnings, and where the daily divisor was over \$10, the daily rate of contribution is 10 cents. Again, if a stevedore at Halifax, at the hourly rate of less than \$1.70, earned, say, \$96 in a week he is credited with eight daily contributions at 10 cents, which is a week and a third. This recognizes the fact that a great amount of work can be crowded into a relatively short period.

When the new act came into being in 1955 and the weekly concept was introduced, meetings were held with the stevedore organizations where it was pointed out to them that they would perhaps be better off if they came under the regular scheme; that is, base their weekly contribution on the amount of their weekly earnings. The stevedore organizations did not favour this, feeling as they did in any week in which more than a normal week's work was performed they would not continue to have the advantage of getting additional contributions as they previously did. It was pointed out to them that, with the daily divisor, it was quite possible in some cases the rates of contribution in a week would be somewhat less than under the regular scheme, and it was a case of either having a lesser rate of contributions or fewer contribution days. They were adamant in maintaining the status quo and it is this which has brought about some inquiries as to the rates of contribution being lower than they are under the regular scheme which, in turn, of course, lowers the benefit rate. In other words they could not have it both ways.

Mr. HAHN: You say that you spoke to the different stevedore groups across the country?

Mr. MCGREGOR: They made representations to the commission.

Mr. HAHN: Were the representations made by each localized area or by the international organization?

Mr. MCGREGOR: It was the international organization which came down here and they were accompanied by Mr. Jodoin.

Mr. BELL: Has there been an expression of opinion from them recently about the present attitude?

Mr. MCGREGOR: The last I can recall is that the east wants it one way and the west another. The west coast say with respect to the application of divisors, carry on the way you are, and the east coast want it changed.

Mr. PHILPOTT: So you just stay put.

Mr. BELL: Those from the east coast appreciate that it is an extremely difficult problem. To make the situation more grave there are different opinions within the unions because the part-time workers who seek employment in the



heavy season naturally want their weeks of qualification as the main consideration, whereas a steady worker wants a high rate of benefit. So you have a conflict within the union. Therefore, I appreciate your problem.

Mr. MCGREGOR: Moreover, there is a difference between Halifax and Saint John, because Halifax has a very tight union membership, whereas at Saint John it is almost wide open. That creates a problem of lesser work for the Saint John men, whereas Halifax men get more work.

Mr. BELL: Of course the effects of section 45 (2) come into this. I do not suppose that we will get into that at this point.

Mr. MURCHISON: Not today.

Mr. HAHN: Mr. McGregor indicates that sometimes you may have an accumulation of stamps. Would that mean that the employee would not become eligible for unemployment insurance until a maximum period has been served after the usage of those stamps? That is, the waiting period must come after you have used up the excess stamps.

Mr. MCGREGOR: It depends on the earnings those stamps represent. We translate those stamps back into the earnings which they represent and say that this is the earnings for that week.

Mr. HAHN: How long can he accumulate them?

Mr. MCGREGOR: For two weeks in advance.

Mr. STARR: Mr. Chairman, I would like to ask Mr. McGregor if he would explain to me the basis on which allowable earnings are set up because it seems to me that you may have a man who gets \$8 as a weekly benefit and is only allowed \$2, but the person who has earned good money is entitled to, with dependencies, \$30 weekly benefits, and allowed to earn \$13. It seems to me as though you should endeavour to help the fellow who is only getting \$8 to earn \$13, and vice versa.

Mr. MURCHISON: This is an insurance gimmick and the purpose in establishing the graduated scale of allowable earnings which may have the increased rate of benefit is in order to provide a very uniform percentage of relationship between allowable earnings and benefits as against the normal earnings of the individual when employed. It runs anywhere from 77 per cent to about 60 per cent. For the lower paid worker the percentage is high and for the high paid worker the percentage is lower.

Mr. STARR: I can understand where that scale would be used in determining the weekly benefits, but is it necessary to use that type of reasoning when you consider allowable earnings?

Mr. MCGREGOR: Yes, because if you did not do that you would have those people at the lower brackets who do not get \$13 a week drawing full unemployment insurance benefits and there would be no incentive to work.

Mr. STARR: In other words they would be making \$21?

Mr. MURCHISON: That is right.

Mr. STARR: And you think that \$21 a week would be an incentive for them not to work?

Mr. HAHN: How many dollars per week must they earn in order to get \$8 a week unemployment insurance?

Mr. MURCHISON: The lowest rate is the bracket from \$9 to \$15 earnings. If the man was earning \$21 he would be quite content to take unemployment insurance.

Mr. MICHENER: He would soon come to the end of his benefits.

Mr. MURCHISON: And then he would complain that he was not getting insurance.

Mr. MICHENER: When the act was up for review I took the view that this table ought to work the other way. I wonder if in any other jurisdictions the allowances have been graded as the compensation went down and if there has been any test made of that to arrive at the incentive to work. Personally I do not think that would be a serious difficulty. It seems to me that there are many people—

Mr. MCGREGOR: It is what the actuary calls "a moral hazard".

Mrs. FAIRCLOUGH: What is "moral" about it.

Mr. MICHENER: Take the person who draws dependency rate of \$8. He is earning at the rate of \$10 a week and becomes unemployed. He can draw dependency rate of \$8 and earn \$4 allowable, so he can make \$12 which is more than his earnings. That does not create any difficulty to some.

Mr. MCGREGOR: He would be quite content to go along on that basis taking little bits of work here and there instead of working full time.

Mr. MICHENER: It seems strange that he would be content to earn \$12 a week when he could earn more.

Mrs. FAIRCLOUGH: It does discriminate against some old workers who only have casual work. I have an example, of which I am sure you are aware, of an elderly man who worked as a commissionaire. Here he was in a position where he would really be better off in the first instance not to work at all. He was disqualified because under the new ruling where he was only making about \$10 for two days, he could not get any benefit at all.

Mr. MCGREGOR: He was building up contributions against his future benefit.

Mrs. FAIRCLOUGH: But he never got benefit from it?

Mr. MCGREGOR: He would if he lost the job completely.

Mrs. FAIRCLOUGH: Yes. But, at most he is only working two or three days a week.

Mr. MURCHISON: He has built up for the future.

Mrs. FAIRCLOUGH: Are we going to continue?

Mr. KNOWLES: I have another point to raise but if the committee prefers I can leave it over until another day.

Mr. BARNETT: Some reference has been made to obtaining a report as to how a new arrangement under section 45(2) is working out. Will we have a special report at a future meeting?

Mr. MURCHISON: It was arranged the other day, Mr. Chairman, that we would discuss these particular matters which have been submitted to you. You will remember that the minister, and later the steering committee, in discussing the matter, agreed to limit our consideration to these problems. We still are to have a discussion on the alleged delays in processing unemployment insurance claims. We have also undertaken to submit to you statements showing the effect of the change that was made in 1956 in section 45(2). We will have that statement ready for you at the next sitting of this committee.

Mrs. FAIRCLOUGH: Mr. Chairman, did I understand Mr. Murchison correctly to say that the steering committee had agreed to limit the discussion of these particular items to today?

Mr. MURCHISON: No. That is all we can talk about today.

Mrs. FAIRCLOUGH: It was not the intention that the discussion on these items close at the end of this sitting today. You meant that the things which we are to consider today are limited to these items.

Mr. MURCHISON: Yes.

Mr. KNOWLES: I have another matter which I think arises out of the railway situation, but I am prepared to leave it over until the next meeting. It is the alleged change of the benefit period without giving a proper notice to insured persons.

Mr. MCGREGOR: Could you give me an illustration perhaps?

Mr. KNOWLES: I have a case, F-139576, where a man following the directions in the little booklet filed a claim last July and was told that his benefit period was good for a year from then, but he learned in January that there had been some regulation ending the benefit period at the end of the calendar year.

Mr. MCGREGOR: No. The end of that benefit period would come about wholly through exhaustion. He must have used up all the benefits. The benefit period runs for 52 weeks or until all of the benefit is exhausted. Now, supposing the gentleman Mr. Knowles speaks about had been awarded, say, twenty-five weeks' benefit, and he had used all that up between July and January, then a new benefit period starts. But, that is the only time a benefit period ends prior to fifty-two weeks.

Mr. KNOWLES: Is there not any regulation ending the benefit period at the end of the year?

Mr. MCGREGOR: No, sir.

Mr. KNOWLES: I am glad to hear that, but that is the complaint I have in the letter before me, Mr. Chairman. I would be glad to show it to Mr. Murchison and Mr. McGregor, and perhaps we could deal with it at the next committee.

Mr. HAHN: Mr. Chairman, if you would entertain a motion to adjourn and call the committee at a later date, I would be prepared to move such a motion.

The ACTING CHAIRMAN: I think we have done fairly well this morning. The minister has not arrived, so I think we can adjourn to the call of the chair.

—The committee adjourned.















*Doc Canada: Industrial Relations Committee 1957*

( HOUSE OF COMMONS

Fifth Session—Twenty-second Parliament

1957 )

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STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

*Chairman:* G. E. NIXON, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

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UNIVERSITY OF TORONTO

REPORT OF THE UNEMPLOYMENT INSURANCE COMMISSION  
FOR THE YEAR ENDED MARCH 31, 1956

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TUESDAY, FEBRUARY 26, 1957

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WITNESSES

*From the Unemployment Insurance Commission:* Mr. C. A. L. Murchison,  
Commissioner and Mr. James McGregor, Director of Unemployment  
Insurance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1957.



STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: G. E. Nixon, Esq.,  
and Messrs.

Barnett,	Gauthier ( <i>Lac-Saint-</i>	MacEachen,
Bell,	<i>Jean</i> ),	Michener,
Brown ( <i>Brantford</i> ),	Gauthier ( <i>Nickel Belt</i> ),	Murphy ( <i>Westmorland</i> ),
Brown ( <i>Essex West</i> ),	Gillis,	Philpott,
Byrne,	Hahn,	Richardson,
Cauchon,	Hardie,	Rouleau,
Churchill,	Hosking,	Small,
Cloutier,	Huffman,	Starr,
Deschatelets,	Johnston ( <i>Bow River</i> ),	Studer,
Dufresne,	Knowles,	Viau,
Fairclough (Mrs.)	Leduc ( <i>Verdun</i> ),	Vincent—34.
Fraser ( <i>St. John's East</i> ),	Lusby,	

(Quorum 10)

E. W. Innes,  
Clerk of the Committee.

## MINUTES OF PROCEEDINGS

TUESDAY, February 26, 1957

The Standing Committee on Industrial Relations met at 11.00 a.m. this day. The Chairman, Mr. G. E. Nixon, presided.

*Members present:* Messrs. Barnett, Brown (*Essex West*), Brown (*Brantford*), Gauthier (*Lac-St-Jean*), Gauthier (*Nickel Belt*), Gillis, Hahn, Johnston (*Bow River*), Knowles, Leduc (*Verdun*), Nixon, Starr, and Studer.

*In attendance:* Mr. J. A. Blanchette, Parliamentary Assistant to the Minister of Labour. *From the Unemployment Insurance Commission:* Mr. C. A. L. Murchison, Commissioner; Mr. L. J. Curry, Executive Director; Mr. James McGregor, Director of Unemployment Insurance.

The Committee resumed consideration of the operation of the Unemployment Insurance Commission.

Mr. Murchison made a statement outlying the work of various committees and units presently working on unemployment problems.

Mr. McGregor was called and explained the processing of claims for Unemployment Insurance. He supplied tables showing the number of claims received and processed during recent weeks.

*Ordered,*—That a statement respecting holidays and earnings, tabled by Mr. McGregor, be printed in the record. (*See Appendix "A" to this day's evidence*).

At 12.30 p.m. the Committee adjourned to the call of the Chair.

E. W. Innes  
*Clerk of the Committee.*





## EVIDENCE

TUESDAY, February 26, 1957  
11.00 a.m.

The CHAIRMAN: Will you please come to order, gentlemen. Before we proceed with the usual work of the committee I would like to report that the minister will not be here. He intended to come in this morning by plane but as the planes are grounded he is coming in by train and he will not be here until this afternoon. If it is in order we will proceed with the work of the committee.

I believe that Mr. Murchison has a brief statement to make. I will call, at this time, on Mr. Murchison.

Mr. C. A. L. MURCHISON (*Commissioner, Unemployment Insurance Commission*): Mr. Chairman and hon. members, the national employment committee is this week holding its quarterly meeting in Ottawa. Today three of the subcommittees of that committee are in session. This morning the committee of employment and education is meeting. This afternoon another group will deal with the value of our winter employment campaigns sponsored jointly by the Department of Labour and the commission. This evening at eight o'clock another committee on area employment will meet. Mr. Talon is representing the commission at these meetings and that accounts for his absence from this meeting this morning. We have with us Mr. Currie, our executive director and Mr. McGregor, the director of unemployment insurance.

Having mentioned these three subcommittees, you may wish to know something about their functions and the nature of their inquiries. The subcommittee on employment and education was constituted after the commission obtained results of a survey which revealed what seemed to be an unduly large proportion of unplaced applicants with limited formal education, and, conversely, a comparatively small proportion of unplaced applicants among those with two or three years of high school training. The interpretation placed on the results was that lack of education is a contributing factor to the state of unemployment.

We expect that the committee will offer suggestions which will assist our field officers in their work of encouraging "drop-outs" to resume their school training.

Speaking about winter employment campaigns, there are approximately 180 local employment and ad hoc committees in Canada and each winter these local committees and the local office managers organize campaigns the purpose of which is to draw to the attention of the people of the community being served the needs for creating employment during the winter months.

The national employment committee which is meeting in Ottawa this week receives reports from our local committees, and in the light of information so received they will no doubt assist the commission in developing plans for the next winter and so on.

I feel that you should know something about what has been going on this winter. I will only refer to the figures for November and December past. There were 264 meetings held. There were 14,000 column inches of advertising sponsored by local groups; the government put up a very small amount to assist in that campaign. We also had 2,530 minutes of radio time. There were 1,540 spot announcements on television and radio. There were 8,921 column

inches of news items and editorials supporting the campaign and 143 panel discussions in various places. In addition 135 offices reported other forms of publicity such as streamers on buses, trolley buses, and notices in church calendars and so on. That gives you an idea of the effort publicity-wise in the wintertime campaigns to relieve unemployment.

The third sub-committee, the one dealing with area unemployment was organized as a result of certain surveys which the commission had carried out from time to time for the purpose of ascertaining whether or not there are any labour surplus areas in Canada. The yardstick used in the surveys—is an arbitrary one—but so far has been found to be satisfactory. Shorn of all details, the plan may be described in this way. As you know there are five regions in Canada within the administration of the Unemployment Insurance Commission. Each unemployment insurance commission region is considered as an entity and the regional ratio of unplaced applicants, as a percentage of the paid workers in the region, is used as a base against which to compare local area ratios. For example, within the framework the following was accepted as a definition of a labour surplus area covering the years 1952 to 1955 inclusive. The first was where the percentage of unpaid workers to applicants have reached as high as 30 per cent above the regional average for the months June to October during the years 1952 to 1954—three years; and second where similar conditions prevailed in 1955 up to the end of the survey in question; and third where current or prospective employment conditions do not indicate a lasting employment.

We have reported to the national committee that in no locality of Canada were conditions such as to declare it a labour surplus area. Notwithstanding this, the subcommittees are studying their latest findings in order that they may be in a position to offer suggestions if they find it appropriate to do so. This committee is made up of representatives from labour, employer organizations, women's organizations, veterans' organizations, the welfare council and agriculture.

That accounts for Mr. Talon's absence today. Another reason why there is such a limited representation here today is that our insurance people are in the midst of preparing for a visit to the five regional offices for the purpose of training regional officers and officers of certain local offices as to what their duties will be in the administration of the regulations covering fishing. I must say that we are operating under a very tight schedule and not a day can be lost if we are to have our machinery in operation by April 1.

That is probably a little off the subject which you came here to discuss, but I know that each one of you is interested in the points I have raised. However, Mr. Chairman, it is our understanding that you are interested in having a report showing how the many unemployment insurance claims we are receiving today are being handled at the local offices. To make such a report I would now like to call on Mr. McGregor, the director, to submit to you the information he has prepared for you.

Mr. GAUTHIER (*Nickle Belt*): Before Mr. McGregor proceeds, would you mind, Mr. Murchison, telling me where in Canada are those five units to which you referred located.

Mr. MURCHISON: The Atlantic regional office is at Moncton; the Quebec regional office is at Montreal; and the Ontario regional office is at Toronto. In the prairie provinces Winnipeg is the location and in British Columbia it is Vancouver.

Mr. JOHNSTON (*Bow River*): While you are on that point, could you give us some indication of the cost of this type of advertising work of which you spoke. Could you indicate the cost of the radio broadcasting announcements and advertisements?

Mr. MURCHISON: We paid out no money for radio broadcasting.

Mr. BROWN (*Essex West*): Was it not mostly private business which did the advertising? I know in my own city one firm or another did all the advertising for winter employment, and it cost the government nothing.

Mr. MURCHISON: In each community where we have these committees they interest the labour organizations, the boards of trade, the chambers of commerce to get behind the program. They also enlist the support of business establishments such as hardware stores, lumber merchants, and so on who do the advertising. I do not know what the figures are this year, and we will not have that information until the campaign is over. However, last year our share of the paid advertising was approximately 4 per cent of the total.

Mr. JOHNSTON (*Bow River*): Approximately what would that amount to in dollars?

Mr. MURCHISON: For the seasonal unemployment campaign we were allocated last year \$9,000. That does not include whatever money the Department of Labour spent in national advertising. I am not in a position to give you that figure.

Mr. STARR: You say that \$9,000 was allocated. How much of that amount was spent?

Mr. MURCHISON: I think it was pretty well exhausted.

Mr. STARR: What was the result of that effort?

Mr. MURCHISON: It is very difficult to evaluate. We do know that it does good. We do know that it encourages employers to keep on employees, to carry on and probably to stockpile materials. We do know that there are a great many merchants who have their stores renovated in the wintertime, and there are homeowners who do likewise. It is impossible to say what the campaign does, but we do feel that it has the support of the people in the communities.

Mr. STARR: Can you tell me whether that campaign is increasing as to the number of participants in it.

Mr. MURCHISON: It is increasing. Each year shows a greater activity in the areas where the campaign is carried on. Some localities such as Port Arthur and Quebec city showed conditions which I do not think could be much better than they are today.

Mr. GAUTHIER (*Nickel Belt*): You say that about 4% of the total was paid by this department or the government and the other 96% was financed by the local committees.

Mr. MURCHISON: Not financed by these local committees, but by merchants and other people.

Mr. HAHN: Did I understand you to say that there was no charge by the radio stations to the department itself?

Mr. MURCHISON: That is correct.

Mr. HAHN: Is it possible for us to have a list of the stations which contributed free time?

Mr. MURCHISON: Yes.

Mr. HAHN: I wonder if we could have that at a later date?

Mr. BROWN (*Essex West*): CKLW in Windsor could give you a list. They did a lot of it.

Mr. MURCHISON: Yes. I can obtain it from Mr. Blackburn, the director of public relations in the Department of Labour.

Mr. HAHN: Did the C.B.C. contribute anything?



Mr. MURCHISON: I do not know.

Mr. STARR: You said that it is pretty difficult to compute the result of this advertising. How do you know that this advertising effort is contributing to increased employment?

Mr. MURCHISON: We receive reports from the local offices. I do not have the figures here but my recollection is that the report from the head of the lakes last year indicated something in the nature of 600 placements during the winter campaign. This is one case which I can recall, but we have figures from other places. However, as I say they are not complete because we cannot determine whether the campaign caused a certain individual to undertake a job or whether he was merely carrying out the undertaking in the ordinary course of his business operations.

Mr. HAHN: Mr. Murchison, is it planned to poll those who obtained employment to discover whether they obtained their job as a result of this type of work?

Mr. MURCHISON: The figure which I gave you, Mr. Chairman, is a figure of placements made by our local office. There may have been others who were hired outside our service.

Mr. KNOWLES: I do not want to break into this if there is more to be said on it, but I would hope, even with the limited representation from the commission, that we might some time this morning be able to clear up some of the items which were left over from the last meeting regarding the unemployment caused by the C.P.R. strike.

The CHAIRMAN: Do you wish to ask these questions now before we hear Mr. McGregor?

Mr. MURCHISON: I think they will fit in just as well after we hear from Mr. McGregor.

Mr. KNOWLES: Is Mr. McGregor going to say something regarding that matter?

The CHAIRMAN: I think so.

Mr. MURCHISON: Concerning the alleged delay in the handling of claims.

Mr. KNOWLES: Does that apply to the general allegation or does it apply particularly to the C.P.R. strike?

Mr. MCGREGOR: To both, sir.

Mr. KNOWLES: All right. I am prepared to hear the statement first.

The CHAIRMAN: Is it agreeable that we hear Mr. McGregor now?

Agreed.

Mr. JAMES MCGREGOR (*Director of Unemployment Insurance*): Mr. Chairman and gentlemen, perhaps I should first cover the application of the change to section 45 (2) of the act which was also on the agenda. Would you agree? As it appears to be agreed I would ask that these be distributed, if you please. The attendant can distribute these at the same time.

It will be recalled, Mr. Chairman, that when the act was changed in October, 1955, it brought about a condition, with regard to the claimants who were claiming every year, that they required at least 30 contributions in the last year before they could qualify. That was changed, at the 1956 session of parliament, and that requirement was brought down to 24 weeks—not in the last 52 weeks, but since the last claim was made, or since the last benefit period began, whichever was the longer period. The effects of that change are revealed in these statements that have been passed around. If you will look at these statements you will find that under the old act—that is before

any amendment was made in 1955—over the four-month period that we have selected 28.9 per cent of all the claimants applying for benefit failed to qualify.

Then, when the act was changed—and the change will be found in section 45, subsection (2) in respect of the 30 contributions in the last year—the number of failures to qualify rose to 45.2 per cent. As a result of the amendments brought down at the last session it is back to 28 per cent. In other words, it is back to almost the spot where it was before the act was changed at all.

I think that is the gist of the statement we wish to make with regard to the operation of section 45 subsection (2).

Mr. HAHN: Is it the intention of the Committee to have these appended to the report?

Mr. KNOWLES: Put them right in here.

The CHAIRMAN: If that is agreeable, I do not see why that would not be acceptable. How would it be if we have them inserted now?

Mr. HAHN: That would be fine.

The CHAIRMAN: Is that agreeable?

#### EMPLOYMENT INSURANCE COMMISSION

##### COMPARISON OF THE NUMBERS OF BENEFIT PERIODS NOT ESTABLISHED OVER A FOUR-MONTH PERIOD

- (1) Under Old Act.  
 (2) Under the New Act *before* Sec. 45(2) was amended.  
 (3) Under the New Act *after* Sec. 45(2) was amended.

(1) Period	Total claims Computed	Benefit Periods Not Est.	Percentage
October, 1954.....	67,057	11,365	16.9
November, 1954.....	101,361	18,288	18.0
December, 1954.....	165,169	48,712	29.5
January, 1955.....	244,656	88,801	36.3
Total.....	578,243	167,166	28.9
(2)			
October, 1955.....	55,418	19,185	34.6
November, 1955.....	80,032	31,871	39.8
December, 1955.....	135,676	68,195	50.3
January, 1956.....	224,965	105,195	46.8
Total.....	496,091	224,446	45.2
(3)			
October, 1956.....	54,503	12,104	22.2
November, 1956.....	79,292	18,810	23.7
December, 1956.....	135,303	41,945	31.0
January, 1957.....	291,241	84,272	28.9
Total.....	560,339	157,131	28.0

## STANDING COMMITTEE

UNEMPLOYMENT INSURANCE COMMISSION  
CLAIMS PENDING—CANADA

Week Ending	30 Nov./56	7 Dec./56	14 Dec./56	21 Dec./56	28 Dec./56	4 Jan./57	11 Jan./57	18 Jan./57	24 Jan./57	31 Jan./57	20 February, 1957
											7 Feb./57
1. Claims Pending at beginning of week.....	39,853	51,849	70,555	87,469	100,385	106,474	123,485	159,833	163,301	140,207	113,042
2. Claims Received during week	47,936	61,063	71,328	77,062	57,287	69,522	124,308	93,928	75,516	67,546	62,003
Total.....	87,789	112,912	141,883	164,531	157,672	175,996	247,793	253,761	238,817	207,753	175,045
3. Less Claims Cleared during week.....	35,940	42,357	54,414	64,146	51,108	52,751	87,960	90,460	98,610	94,711	84,485
4. Claims Pending at end of week.....	51,849	70,555	87,469	100,385	106,474	123,485	159,833	163,301	140,207	113,042	90,560
5. Breakdown of Item 4											
(a) No payments due.....	50,220	68,042	83,992	94,831	92,176	92,985	137,537	144,617	109,229	86,165	73,514
(b) One ".....	1,452	2,286	3,177	3,615	13,367	27,635	18,647	15,844	26,882	16,846	9,200
(c) Two ".....	135	172	229	326	764	2,485	3,140	1,997	3,077	7,805	2,993
(d) Three or more payments due.....	42	55	71	76	167	380	509	843	1,019	2,226	4,853
Number of Active Claims at End of the Month											
	November, 1956 215,378	December, 1956 338,244	January, 1957 545,931								



Mr. McGREGOR: I wish now to deal with the claims pending, that is, the alleged delays in the payment of benefits.

This is a rather lengthy statement, but, I felt that we should give a thorough background and detailed examination of what took place. The statement is as follows:

### *Claims Pending*

To give members an understanding of what is involved in making a claim, it might be well to first outline the procedure. This is as follows:

A claimant goes to the local office and

- (a) registers for work, and
- (b) if no suitable work is immediately available, he files a claim.

This claim is completed by a claim taker who records all of the pertinent information on the proper forms. The claimant leaves his insurance book and is instructed when next to report.

Particulars of the claimant's last employment are sent to the employer concerned, for verification; and the insurance book, together with what we call a computation sheet, is sent on immediately to the regional office where, from the book and previous contribution records, it is determined

- (a) whether the claimant is eligible, and, if so,
- (b) the weekly rate at which he will be paid as well as
- (c) the maximum length of time for which he may be paid.

This information is returned to the local office where, if the employer's verification has been returned, the decision of the insurance officer is made and either the claim goes into payment or the claimant is notified of any disqualification imposed.

Claims are held for the maximum of a week, from the date filed, to permit of return of the employer's verification. If the employer's verification is not returned by that time, the insurance officer's decision is made on the information furnished by the claimant with any adjustment, arising from the subsequent return of the verification, made if and when that form is received.

That is what happens when there are no complications.

When claims are made by mail there are, of course, several difficulties. To continue with the statement:

When payment is not made on time it is generally due to a variety of circumstances. Delays are due for the most part to—

1. Failure to deposit the insurance book at time of claim.
2. Circumstances of separation requiring full investigation.
3. Labour Disputes.
4. Armed Service credits.
5. More than one insurance number.
6. Previous claims at other points.

Dealing with these in turn, it is our experience that upwards of 20 per cent of claimants fail to produce their insurance books at time of claim and for a variety of reasons —

Some of which are as follows:

- (a) a claimant simply neglects to bring it,
- (b) he has lost or mislaid it,
- (c) he failed to pick it up from his last employer (he may have walked off the job and will not go back to get his book),

- (d) his employer has failed to deliver the book or is waiting until the end of the next pay period to affix current contributions,
- (e) the book is kept by the employer at a point other than that at which the claimant worked and time elapses between the date actually last worked and the date the point at which the book is located is notified of the separation.

That comes about when the employer keeps all his books at head office, for example when the claimant separated in Toronto, we will say, and the book is in Montreal. To continue with the statement:

In these cases, we allow one week for the book to be produced and, at the end of that week, dispose of the claim on the basis of the records we have. If the book is lost we obtain a statement from the claimant giving particulars of his most recent employments. We then request certificates from these employers concerning contributions made on behalf of the employee—in other words, rebuild the current contribution history. This, of course, takes time—first to get particulars, for some claimants have great difficulty in remembering when and for whom they worked in the past six months or so. When we think the book is with the employer we follow up with him even though the responsibility to get the book is the claimant's.

Every claimant failing to produce his book at time of claim is warned that, as a consequence, his claim might be delayed or that he may fail to qualify, and he acknowledges this warning by signing a form to that effect.

All the C.P.R. claims made during the recent work stoppage fell into this category because the C.P.R. did not have the time to complete the record for each individual. We foresaw this and arranged for our auditors to examine the payrolls at the various C.P.R. pay points, as claims came in. The auditors found, however, that they had to go through 15 payrolls for each claimant and, as the C.P.R. had no staff to help, it proved too slow a process. We, therefore, computed these C.P.R. claims on the basis of the records we had and then reverted to the payrolls for those who could not qualify from our records. This process was still going on until last week, because it was found that many errors had been made by claimants in their payroll numbers, and in their insurance numbers necessitating extensive searches by our audit and regional staffs.

## 2. *Circumstances of Separation*

Claimants are reluctant to advance information that they left their jobs voluntarily, or were discharged. In many cases, where these circumstances prevail, he gives as reason for separation—"Shortage of Work" or "Laid Off". It is only when the employer's verification is returned that we learn there are reasons pointing to possible disqualification.

When these come to light, we communicate with the claimant to obtain his version or communicate further with the employer to elicit the full facts.

## 3. *Labour Disputes*

There are inevitable delays in obtaining the facts regarding a dispute. While we are not concerned with the merits of the dispute we must satisfy ourselves that the stoppage of work arose because of a labour dispute. We must often examine the bargaining agreements to ascertain who are affected as well as obtain statements from the parties engaged in the dispute. This often is difficult to get.

## 4. *Armed Service Credits*

Certain members of the armed forces are entitled to contributions for their period of service. The procedure is that the dischargée files a claim at a local office and gives particulars of his service in the armed forces. We then send

a request to the Department of National Defence for contributions that may be payable. The decision as to whether or not contributions are payable rests with that department but this sometimes takes a little time and not because of any fault of that department. The delay comes about in this way. The dischargee may have taken his discharge in say, Halifax, and comes home to say, Toronto, where he files a claim two or three days following discharge. It takes time for his papers to reach headquarters from Halifax and be processed and contributions, if payable at all, cannot be credited until this has been completed. We are, therefore, in the middle.

#### *5. More than one Insurance Number*

Some people go from one employer to another and maintain to the new employer that they have never been insured before. One reason for this is that the new employee may have maintained to his new employer that he was earning a certain wage in his last job whereas his current insurance book would show his earnings were lower (by the denomination of the stamp). He, therefore, suppresses his book. The new employer, in good faith, applies to our local office for a new book and a new number. All of these new applications are checked through a master index at head office but if the employee spells his name differently than he did originally or gives a different date of birth, the master index cannot identify him for certain as being insured before, so he is given a new number.

He then leaves this employer and makes a claim under his new number. But, of course, he hasn't sufficient contributions to qualify under this number and is so notified. He then maintains he has sufficient contributions to qualify and only when questioned reveals he was insured before. We may then have to communicate with a previous employer to verify his old number so that credit can be given for all contributions made. It will be appreciated that such a claimant doesn't readily reveal the facts because of his previously having suppressed his original number with the result that delays ensue.

#### *6. Previous Claims*

A person will move from say, Montreal to Toronto and, after having been employed at the latter, loses his job and makes a claim. Although he is asked if he ever made a claim before and, if so, where, he often forgets or simply answers, for his own good reasons, in the negative. His claim will be dealt with at the regional office at Toronto which discovers the records are in Montreal. They have then to send to the Montreal region to have the contributions and treasury records transferred and also to have the Montreal local office transfer the claim file. There isn't too much delay when the points concerned are as close as Montreal and Toronto but when you consider this happening where the points concerned are Vancouver and Halifax, or Calgary, and say, Guelph, it is a different matter. Also it will be appreciated that when these complications arise, in respect of postal claims, these matters have to be handled by correspondence, and that is rather difficult.

So much for the background of the processing of claims and some of the complications that have to be contended with.

We refer now to the sheet headed "Claims Pending" that has been distributed to you.



It will be noted that in the week ending 28th December, 1956 and in the following week (ending 4th January, 1957) the number of claims pending rose sharply. This was due to two main factors,

(1) The staff engaged in computing claims were off for the Christmas and New Year holidays, respectively, and in each of the two weeks worked only 3 days or 60 per cent of the normal working time. However, more than 40 per cent of the weekly production was lost because some of the evening overtime usually worked at this time of year was lost in addition.

(2) There was a heavy intake of claims due to the C.P.R. work stoppage.

It will be noted also that the number of active claims rose almost 90 per cent (from 215,378 to 398,244) from the end of November to the end of December.

The significant figures in the statement before you are those against items 5(c) and (d). Because of the work load we excused offices from making detailed analyses of the reasons for claims pending over one payment due, for the month of January.

We have here, however, an analysis of those in items 5(c) and (d) combined for the week ending 7th February, and this reads as follows:

	Number	Percentage
(1) C.P.R. Claims (other than labour disputes) .....	3,139	40%
(2) Labour Disputes .....	1,876	24%
(3) Computed but not yet adjudicated, or adjudicated but not yet posted statistically .....	1,274	16%
(4) Book Missing .....	539	7%
(5) Foreign Contributions, rebuilding contributions clarifying incorrect numbers, etc. ....	469	6%
(6) Further information required ..	190	2%
(7) Contentious Cases .....	311	4%
(8) Miscellaneous .....	48	1%
<b>TOTAL .....</b>	<b>7,846</b>	<b>100%</b>

I might explain that item (4) refers to contributions that are in another region from that in which the claim was filed.

#### NOTES:

(1) These C.P.R. claims are cases on which we were still attempting to locate contributions for the claimants involved. Many of these claimants did not even know their insurance number and some of them gave wrong payroll and insurance numbers and we exhausted all attempts to locate their contributions. This reached the point where we were compelled to notify the claimant that he must himself obtain a record of his current contributions from the C.P.R. at which time we would reopen his claim.

(2) These are claims of the C.P.R. engineers who were disqualified. All of the notices of disqualification had not been sent to the claimants at the date mentioned, namely, 7th February, but all have now been cleared. Of course, no money was payable in these cases.

(3) These are claims on which computation has been made but the insurance officer's decision had not been rendered or the decision having been rendered, the results had not been posted to the register (from which these

statistics are obtained) at the time of the report. It may very well have been, however, that a large number of these had been paid because it is our practice to post the claimant's record first in order to facilitate payment and leave the posting of the statistical record until later.

(4) We have already explained how these cases can arise and as much as we try to educate the claimants there are still a number of them that do not realize the significance of obtaining their books and depositing them with our local offices as soon as possible after a claim is made.

(5) These are the cases where a claimant has made his claim in one area having moved in from some other region, and where books have been lost and we are attempting to rebuild the history of the claimant's most recent employers. The figure includes cases on which the claimant has no idea of his insurance number and the claim had to be checked through the head office master index, Ottawa, in an attempt to ascertain it.

(6) These are cases where the claimant has given information that differed from that supplied by his employer and which must be investigated to ensure that proper entitlement to benefit is established.

(7) These are cases on which knotty problems of adjudication had arisen and on which no jurisprudence has been established. Insurance officers are required to send these to head office so that uniform decisions may be applied.

(8) These consist mainly of armed services cases regarding which we have already given an explanation.

We do not maintain that errors on our part, resulting in delays, do not occur but we do say that these are comparatively few in number.

We were able to obtain by wire yesterday and this morning the figures at the close of the 21st February. These are as follows: You might want to write these down beside the last items on your sheet, if you wish.

1. Claims pending at beginning of week .....	75,248	
2. Claims received during week .....	59,055	
<b>TOTAL .....</b>	<b>134,303</b>	
3. Less claims cleared during week .....	66,807	
4. Claims pending at end of week .....	67,496	
5. Breakdown of Item 4		
(a) No payment due .....	61,006	90.4%
(b) One payment due .....	4,488	6.7%
(c) Two payments due .....	699	1.0%
(d) Three or more payments due .....	1,303	1.9%

Mr. STARR: What period does that cover?

Mr. MCGREGOR: That covers the last week, the week ending February 21. Of those 1,303 where there were three or more payments due, 562 were items where disqualifications were imposed but notices had not yet been sent to the claimants. But they have now.

Some of the engineers' claims were still pending because our offices had the notices in process and could not get them all out. But I was assured yesterday that they now have all gone out. That reduces the figure in item 5 (d) to 1.1 per cent

Mr. STARR: Might this statement of claims pending be included in our minutes of proceedings, Mr. Chairman?

The CHAIRMAN: It could be added as an appendix. How would that be?

Mr. STARR: Yes, I would be very glad if it were added.

Mr. KNOWLES: What was that question, please?

Mr. STARR: I asked if this schedule might be added as an appendix to today's proceedings.

The CHAIRMAN: Would it not be in order to have it included right now where it would follow the detailed information which has just been given to us by Mr. McGregor?

Agreed.

Mr. KNOWLES: In connection with these figures, I do not want to ask for a mass of detail in terms of a breakdown, but I wonder if a few figures might be given, let us say, with respect to the 163,000 claims pending at the end of the week of January 18, and the 67,496 pending at the end of the week of February 21? Could those two figures, just as samples, be given as a breakdown by regions?

Mr. MCGREGOR: Yes, I will give you the regional breakdowns. For what date do you want them?

The CHAIRMAN: January 18.

Mr. MCGREGOR: I could give them to you.

Mr. KNOWLES: Yes, I think that would be useful.

The CHAIRMAN: And what is the other one?

Mr. KNOWLES: February 21.

Mr. STARR: I thought Mr. Knowles said 163,000 for January 24.

Mr. KNOWLES: No. I was looking at the bottom of the column for all the claims pending at the end of the week.

Mr. MCGREGOR: 163,301.

Mr. KNOWLES: Yes, and I would appreciate having them now, if that is possible.

The CHAIRMAN: They could be included.

Mr. MCGREGOR: At January 18 claims pending in the Atlantic region at the beginning of the week were 27,093; and claims received during the week, 11,826, making a total of 38,919. Claims cleared during the week numbered 12,168, and pending, 26,751.

A breakdown of payments pending is as follows—

Mr. KNOWLES: For my purposes that is far enough; but if anybody else wishes to go further very well. Could you give us similar figures for the other regions?

Mr. MCGREGOR: Yes, I could give them to you. Would you like to have the Atlantic region for February 21?

Mr. KNOWLES: I suggest you give us all the regions for January 18th, and then for February 21st.

Mr. MCGREGOR: Quebec, January 18, claims pending, 54,552; claims received 26,902; making a total of 81,454. Claims cleared 27,585; and claims pending 53,869.

Ontario, claims pending 35,754; claims received, 24,953; making a total of 60,707. Claims cleared, 26,173 and pending, 34,534.

I shall now give you the breakdown for the week ending January 18; and referring to the Atlantic district, no payments due, 23,276, or 87 per cent; one payment due, 3,154, or 11.8 per cent; two payments due, 179 claims or .7 per cent; and three or more payments due, 142 or .5 per cent.

Quebec, January 18, no payments due 43,932 or 81.6 per cent; one payment due, 8,047 or 14.9 per cent; two payments due, 1,360 or 2.5 per cent; three or more payments due, 530 or 1 per cent.



In Ontario, no payments due, 32,308 or 93.6 per cent; one payment due, 1,947 or 5.6 per cent; two payments due, 187 or .5 per cent; and three or more payments due, 92 claims, or .3 per cent.

Prairie region, January 18; claims pending at the beginning of the week, 23,337; received during the week 19,940, making a total of 43,277. Cleared during the week 14,244; pending at the end of the week 29,033; no payments due 28,133, or 96.9 per cent; one payment due, 783 or 2.7 per cent; two payments due, 82 claims or .3 per cent; and three or more payments due 35 claims or .1 per cent.

Pacific claims pending 19,097. Claims received, 10,307 making a total of 29,404; claims cleared 10,290; claims pending, 19,114; no payments due, 16,968 or 88.8 per cent; one payment due, 1,913 or 10 per cent; two payments due 189 or 1 per cent; and three or more payments due 44 or .2 per cent.

UNEMPLOYMENT INSURANCE COMMISSION  
CLAIMS PENDING—ATLANTIC

Week Ending	30 Nov./56	7 Dec./56	14 Dec./56	21 Dec./56	28 Dec./56	4 Jan./57	11 Jan./57	18 Jan./57	24 Jan./57	31 Jan./57	7 Feb./57											
1. Claims Pending at beginning of week.....	6,511	8,325	11,476	13,982	16,090	16,695	19,979	27,093	26,751	25,525	20,365											
2. Claims Received during week	7,195	8,665	9,352	10,325	6,031	10,391	17,086	11,826	13,245	8,824	8,574											
Total.....	13,706	16,990	20,828	24,334	22,121	27,086	37,065	38,919	39,996	34,349	28,939											
3. Less Claims Cleared during week.....	5,381	5,514	5,846	8,244	5,426	7,107	9,972	12,168	14,471	13,984	14,108											
4. Claims Pending at end of week	8,325	11,476	13,982	16,090	16,695	19,979	27,093	26,751	25,525	20,365	14,831											
5. Breakdown of Item 4.....																						
(a) No payments due.....	8,064	96.8	11,111	96.8	13,442	96.1	15,134	94.0	13,678	81.9	14,444	72.3	23,023	84.9	23,276	87.0	19,400	76.0	15,757	77.4	12,020	81.1
(b) One "	239	2.9	335	2.9	499	3.6	898	5.6	2,813	16.9	5,122	25.6	3,466	12.9	3,154	11.8	5,782	22.7	3,991	19.6	2,450	16.5
(c) Two "	13	.2	27	.2	30	.2	45	.3	172	1.0	343	1.7	522	1.9	179	.7	262	1.0	499	2.4	253	1.7
(d) Three or more payments due.....	9	.1	3	.1	11	.1	13	.1	32	.2	70	.4	82	.3	142	.5	81	.3	118	.6	108	.7

Number of Active Claims at end of the Month.

November, 1956—32,909

December, 1956—56,568

January, 1957—88,324.

UNEMPLOYMENT INSURANCE COMMISSION  
CLAIMS PENDING—QUEBEC REGION

Week Ending	30 Nov./56	7 Dec./56	14 Dec./56	21 Dec./56	28 Dec./56	4 Jan./57	11 Jan./57	18 Jan./57	24 Jan./57	31 Jan./57	7 Feb./57
1. Claims Pending at beginning of week.....	10,692	15,012	21,710	28,293	34,430	40,341	44,681	54,552	53,869	47,021	39,009
2. Claims Received during week	14,212	18,467	22,286	26,307	21,119	19,073	36,429	26,902	22,838	20,498	19,083
Total.....	24,904	33,479	43,996	54,600	55,549	59,414	81,110	81,454	76,707	67,519	58,092
3. Less Claims Cleared during week.....	9,892	11,769	15,703	20,170	15,208	14,733	26,558	27,585	29,686	28,510	26,472
4. Claims Pending at end of week.....	15,012	21,710	28,293	34,430	40,341	44,681	54,552	53,869	47,021	39,009	31,620
5. Breakdown of Item 4											
(a) No payments due.....	14,537	20,892	28,980	32,397	33,930	28,308	40,832	43,932	34,930	27,541	24,090
(b) One ".....	412	734	1,185	1,852	5,991	14,659	11,200	8,047	9,849	6,722	3,789
(c) Two ".....	46	58	101	151	340	1,527	2,228	1,360	1,472	3,361	1,053
(d) Three or more payments due.....	17	26	27	30	80	187	292	530	770	1,385	2,688
Number of Active Claims at end of the Month.											
			November, 1956—64,589		December, 1956—127,851		January, 1957—167,770				



UNEMPLOYMENT INSURANCE COMMISSION  
CLAIMS PENDING—ONTARIO REGION

Week Ending	20 February, 1957									
	30 Nov./56	7 Dec./56	14 Dec./56	21 Dec./56	28 Dec./56	4 Jan./57	11 Jan./57	18 Jan./57	24 Jan./57	31 Jan./57
Claims Pending at beginning of week.....	9,906	13,640	17,886	20,319	22,000	22,990	28,467	35,754	34,534	28,579
2. Claims Received during week.....	13,995	17,438	19,010	20,264	16,389	21,783	35,404	24,953	20,967	19,198
Total.....	23,901	31,078	36,896	40,583	38,389	44,773	63,871	60,707	55,501	47,777
3. Less Claims Cleared during week.....	10,261	13,192	16,577	18,583	15,399	16,306	28,117	26,173	26,922	24,809
4. Claims Pending at end of week.....	13,640	17,886	20,319	22,000	22,990	28,467	35,754	34,534	28,579	22,968
5. Breakdown of Item 4.....										
(a) No payments due.....	13,255	17,379	19,575	20,996	21,248	25,477	33,980	32,308	24,652	19,648
(b) One ".....	348	2.5	693	3.4	821	2,669	1,528	1,947	3,475	2,064
(c) Two ".....	26	.2	39	.2	70	.9	179	.5	382	1.3
(d) Three or more payments due.....	11	.1	12	.1	23	.1	67	.2	70	.3

Number of Active Claims at end of the Month.

November, 1956—62,125

December, 1956—110,236

January, 1957—146,233

7 Feb./57

UNEMPLOYMENT INSURANCE COMMISSION  
CLAIMS PENDING—PRAIRIE REGION

20 February, 1957

Week Ending	30 Nov./56	7 Dec./56	14 Dec./56	21 Dec./56	28 Dec./56	4 Jan./57	11 Jan./57	18 Jan./57	24 Jan./57	31 Jan./57	7 Feb./57
1. Claims Pending at beginning of week.....	6,268	7,982	10,394	12,734	14,701	13,016	14,671	23,337	29,033	22,147	14,482
2. Claims Received during week	6,740	8,405	10,591	11,075	6,320	8,868	21,079	19,940	10,261	8,484	8,278
Total.....	13,008	16,387	20,985	23,809	21,021	21,884	35,750	43,277	39,294	30,631	22,760
3. Less Claims Cleared during week.....	5,026	5,993	8,251	9,108	8,005	7,213	12,413	14,244	17,147	16,149	11,479
4. Claims Pending at end of week.....	7,982	10,394	12,734	14,701	13,016	14,671	23,337	29,033	22,147	14,482	11,281
5. Breakdown of Item 4											
(a) No payments due.....	7,778 97.4	9,985 96.0	12,390 97.3	14,078 95.7	11,683 89.7	11,906 81.2	22,453 96.2	28,133 96.9	17,954 81.1	10,334 71.3	8,766 77.7
(b) One ".....	188 2.3	383 3.7	324 2.5	597 4.0	1,278 9.8	2,608 17.8	770 3.3	783 2.7	3,958 17.9	2,622 18.1	688 6.1
(c) Two ".....	15 .2	25 .2	12 .1	20 .2	45 .3	136 .9	89 .4	82 .3	204 .9	1,420 9.9	1,030 9.1
(d) Three or more payments due.....	1 .1	1 .1	8 .1	6 .1	10 .1	21 .1	25 .1	35 .1	31 .1	106 .7	797 7.1
Number of Active Claims at end of the Month.			November, 1956—27,913		December, 1956—52,626		January, 1957—73,697				





For the week ending February 21 in the Atlantic region the number of claims pending at the beginning of the week was 9,941; received during the week 7,308, making a total of 17,249. They cleared during the week 8,500 with 8,749 pending; and the number on which no payments were due was 7,937. I am sorry that I have not got the percentages worked out on these because the figures only came in this morning. One payment due was 675; two payments due 86; three or more payments due 51.

Quebec, number pending at the end of last week was 29,878; number received 20,025, making a total of 49,903. They cleared during the week 23,389; and the number pending is 26,514. Of these, no payments due were 23,676; one payment due 2,085; two payments due, 341; and three or more payments due, 412.

Ontario, pending last week, 16,081; received during the week, 19,026; making a total of 35,107. They cleared during the week 18,308 which left pending 16,799; and of those pending, no payments due, 15,767; one payment due, 705; two payments due, 138; and three or more payments due, 189.

Prairie region, pending last week 9,548; received during the week, 7,100, making a total of 16,648. Cleared during the week 8,687 which left pending 7,961. Those on which no payments were due numbered 7,045; one payment due 326; two payments due, 28; and three or more payments due 562.

Those are the "railroaders" and actually there were no payments due to them because the notices of disqualification simply had not gone out.

On the Pacific region pending last week there were 9,800; and they received during the week 5,596 making a total of 15,396. They cleared 7,923 which left pending 7,473; with no payments due, 6,581; one payment due, 697; two payments due, 106; and with three or more payments due, 89 claims.

## UNEMPLOYMENT INSURANCE COMMISSION

## WEEKLY PROGRESS REPORT OF CLAIMS WEEK ENDING

February 21, 1957.

## 1. TOTAL CLAIMS RECEIVED AND CLEARED

Particulars	Atlantic	Quebec	Ontario	Prairie	Pacific	Total
1. No. Pending last week.....	9,941	29,878	16,081	9,548	9,800	75,248
2. Received during week.....	7,308	20,025	19,026	7,100	5,596	59,055
3. Total.....	17,249	49,903	35,107	16,648	15,396	134,303
4. Cleared during week.....	8,500	23,389	18,308	8,687	7,923	66,807
5. Pending this Date.....	8,749	26,514	16,799	7,961	7,473	67,496

## 2. DETAILS OF PENDING CLAIMS

Particulars	Atlantic	Quebec	Ontario	Prairie	Pacific	Total
6. No payment due (2 wks).....	7,937	23,676	15,767	7,045	6,581	61,006
7. One payment due (3 wks).....	675	2,085	705	326	697	4,488
8. Two payments due (4 wks).....	86	341	138	28	106	699
9. Three or more payments due 15 and over).....	51	412	189	562	89	1,303
10. Total.....	8,749	26,514	16,799	7,961	7,473	67,496

Mr. GAUTHIER (*Nickel Belt*): From the figures you have just given to us it seems to me that the clearing is not uniform across the country.

Mr. MCGREGOR: What is that, please.

Mr. GAUTHIER (*Nickel Belt*): I say the clearing of these claims is not uniform.

Mr. MCGREGOR: No, and there are several reasons for it. There may have been a flood of claims during the last two or three days of the week in one area, or they may have been spread out in some other areas across the week. Moreover, between the prairie region and Vancouver for example there is a tremendously great movement. A lot of people go from the prairies to British Columbia and it takes time to move the records. Those are many factors which enter into the clearance of claims.

Mr. GAUTHIER (*Nickel Belt*): I notice from the figures you have given us that Ontario was cleared much faster than other parts of the country.

Mr. MCGREGOR: Oh yes. There are larger units in the Ontario region than in some of the other regions.

Mr. GAUTHIER (*Nickel Belt*): Quebec had more claims than Ontario and they are not clearing as fast.

Mr. MCGREGOR: One thing we must remember in regard to Quebec is that they have just moved their regional office into a new building and it has taken them a little time to settle down.

Mr. GAUTHIER (*Nickel Belt*): Thank you.

Mr. MCGREGOR: And it has happened right in the middle of this load.

The CHAIRMAN: I think the committee would like me to thank Mr. McGregor for the very detailed and informed statement he has given us on this subject of claims pending.

Mr. KNOWLES: The position does seem to have improved as at the end of the week of February 21, compared to that other week for which you gave us the figures. Are you hopeful that this trend will continue?

Mr. MCGREGOR: Oh yes. The number of claims is dropping. We have got over that backlog which always results from the Christmas and New Year's holidays. That backlog stays with us for almost the whole month of January before we can get cleared up again. These holidays are one of the things we have got to contend with, because at that time claims are coming in at a fairly heavy rate.

Mr. GAUTHIER (*Nickel Belt*): Will you please explain to us what you mean by the term "no payments due"?

Mr. MCGREGOR: That means that the claimant has not served his waiting period at the date of the report and consequently nothing is payable to him at that time.

Mr. GAUTHIER (*Nickel Belt*): It does not mean that he is not entitled?

Mr. MCGREGOR: Oh no, sir.

Mr. BARNETT: One point which troubles me is that of the transfer of records from one region to another. As I followed Mr. McGregor he explained that in the processing of claims, the papers have to go to each regional office and as a result delays arise because records have to be sought in other regional offices. My question is this: what steps, if any, may an individual worker take if he moves or if he expects to move permanently from one region to another? Will the action on his part result in the transfer of his back records into the region in which he is currently working so that if he should need to make a claim those records would then be immediately available.

Mr. MCGREGOR: Mr. Chairman, there are two phases to this. The first is the claimant who moves while he is on benefit. He is instructed in the

booklet he is handed when he makes his claim that if he moves from Montreal to Toronto for example he should advise the Montreal office that he is going to Toronto and immediately on arrival in Toronto he must report there and request a transfer. In the old days when that fellow went from Montreal to Toronto and told us that he was going to Toronto, Montreal would send his claim on, but we would find that he went on to Winnipeg (not Toronto) and from Winnipeg to Saskatoon and remained there. Therefore we made a ruling that the claim would not be transferred until the claimant arrived at his new destination.

All records are kept by regional prefix. For example, F is Winnipeg and O is Ontario, and so on. For purposes of quick identification as to where the records are located they are given this prefix and records are always kept at the point of prefix origin. If he originally was insured at Winnipeg and wandered to Halifax his records would be at Winnipeg and upon his arrival at Halifax, a request is made by airmail to Winnipeg for the records. We are able to keep track of every claimant's records through these prefixes. Otherwise there would be utter chaos.

Mr. STARR: For instance, if a person was laid off in Oshawa after having worked in Winnipeg and submitted his books to the Oshawa office, would that book be sent to Winnipeg?

Mr. MCGREGOR: No. His book would go to Toronto. If he had previously made a claim in Winnipeg his records would be held there. Toronto regional office would request his previous records from Winnipeg.

Mr. STARR: I have a case where a book was sent by Oshawa to the Winnipeg office and it delayed the case.

Mr. GAUTHIER (*Nickel Belt*): What type of employee covered by unemployment insurance do you find the hardest to keep track of with respect to moving around?

Mr. MCGREGOR: I would say perhaps the construction worker who moves around quite a bit. Of course we have a lot of transients in this country who move frequently from one area to another.

Mr. GAUTHIER (*Nickel Belt*): What about the lumberjacks?

Mr. MCGREGOR: I do not think that we have too much trouble with them except perhaps as between Ontario and Quebec and the maritimes. He moves around pretty much in those areas.

Mr. GAUTHIER (*Nickel Belt*): I have some in my area from New Brunswick, Quebec and northern Ontario. Do you find that you have much trouble with the employers in keeping track of these men?

Mr. MCGREGOR: Of course we do not attempt to keep track of them at the local office. Once a year the books are renewed at which time they go to the office of the prefix origin, as we call it.

Mr. HAHN: Do many books become lost?

Mr. MCGREGOR: Quite a number. A fellow sometimes cannot even remember whom he worked for yesterday. It is quite difficult to try to rebuild his contributions.

Mr. BARNETT: I recognize the problem of the migratory worker who moves frequently. I realize that that is always going to be a continuing problem with respect to the transfer of records. What I had in mind particularly was the man who may move from one area to another and be more or less permanently located. A question was raised concerning lumberjacks. I think over a period of a year we have had quite a number of people who have come from the prairie region to British Columbia, or from eastern



Canada to British Columbia, who may have gone into the logging industry there and become a fairly permanent part of the working force in that industry. Do I understand that a person's records are fixed for all time in the region where he originally registers; in other words, if his original insurance number has a prefix A, that the British Columbia regional office will have his original records at all times although he might be working for ten years in the maritimes?

Mr. MCGREGOR: No. That man goes, for instance, from Alberta to British Columbia and if he makes a claim in British Columbia his records are transferred to British Columbia. If he renews his book in British Columbia the records will stay there until such time as we find that he has renewed his book elsewhere. They will remain there until such time as we find that his book is renewed elsewhere, in which case they will go to the regional office in his new area.

Mr. STARR: His records are sent to the place where he goes.

Mr MCGREGOR: If he made a claim there.

Mr. STARR: I was wondering if that might be a factor in reducing delays in the case of a man who may not have had a claim for a number of years who is suddenly in a position where he has to make a claim, if there might not be an unnecessary delay there in processing his claim.

Mr. MCGREGOR: If a man were in Alberta for five or six years his records will be located at the Winnipeg office and if he goes to Vancouver and never makes a claim, there is no demand for his records and they stay at the Winnipeg office. But the moment he makes a claim in British Columbia the records are transferred to Vancouver. Otherwise if he never makes a claim they will stay at Winnipeg.

Mr. STARR: How long would you say it would take to have his records transferred from Winnipeg to Vancouver.

Mr. MCGREGOR: If he gives us the correct number they can be obtained almost overnight.

Mr. STARR: If he relocates he has another number?

Mr. MCGREGOR: No. He always keeps the same number; and the same prefix.

Mr. GAUTHIER (*Nickel Belt*): You would not say that a person would give you a wrong number intentionally?

Mr. MCGREGOR: No, I do not think so.

Mr. MURCHISON: Mr. Chairman, Mr. McGregor gave you particulars of the standing of the claims as of the 22nd of February and he read from a statement which has been prepared. Would it be your will that this be typed and prepared and supplied to the reporter so that it can be presented in table form.

The CHAIRMAN: Along with the other?

Agreed.

Mr. STARR: In the matter of delays, Mrs. Fairclough is ill and has asked me if I would bring to the attention of the committee this morning the matter of automobile workers in the Hamilton area. Under the Unemployment Insurance Act an employee who becomes unemployed through no fault of his own must report to the commission immediately, or one day following his unemployment, and must report immediately upon returning to work. Otherwise he is disqualified under the act and will be penalized by having his daily payments deducted until such time as he does report to the

commission. However in the Hamilton area a certain employee upon reporting to the commission has been in the unfortunate position of having his payments delayed as long as three weeks from his reporting time through no cause other than because of slow processing. At one time in the Hamilton area employees were able to file their claims by mail on return to work. However, since February 4th they must report in person on a set date during their next period of lay-off. This has occurred particularly in the automobile industry because originally during the periods of unemployment a person was able to mail his claim for benefit upon returning to work. Now he is supposed to appear in person in order to draw his benefits during the next period of lay-off which could be up to three weeks from the time of the unemployment concerned.

As an example, the plant was closed from February 4th to February 11th in Hamilton. Men reported to the commission on the 5th and 6th by departments and they were told that they should not mail forms in any longer, but that they should report in person the next time the plant was closed. February 21st and 22nd were the dates given to report in the majority of cases, at which time they would be paid for the week of the 4th. Some employees mailed their slips anyway, and were sent a notice telling them that if there was a recurrence of mailing in their forms they would be penalized.

I have a sample of the notice. It reads as follows:

It is noted from the postmark on the Claimant's Weekly Report received from you for the week commencing February 3, 1957 that the form was mailed on February 11, 1957.

This is to advise you that the report must be completed and mailed not earlier than February 16, 1957 and not later than February 22, 1957.

In future we will have no alternative but to consider you not available for work for each day you are early or late in mailing the report to this office.

I think that it is contrary to the Unemployment Insurance Act which states that an employee must report immediately upon returning to work.

Mr. MCGREGOR: I think there is some misunderstanding in this because the direction for reporting which is given to every person reads in paragraph 35, as follows:

35. If you find a job that will last a week or more and which will prevent you reporting on your regular report day, fill in your report(s) and mail it to the local office on the Monday following the day on which you return to work. If you delay, benefit will not be paid.

That is the instruction. So, all those persons have to do is to fill in the form and mail it to the Hamilton office.

Mr. STARR: Was this not filed in accordance with the regulations? Is that the reason why this notice was sent to the employee?

Mr. MCGREGOR: If you would let me have it, I will check into the circumstances of the case.

Mr. STARR: There were only something like 400 of them involved. Those who are living out of town may still mail it in, yet it has been stated that those who are living in Hamilton must report in person. That is not the same procedure which is followed for instance in Windsor or Toronto. The privilege has been enjoyed in Hamilton up until February 4.

Mr. MCGREGOR: It is still in effect as far as our offices are concerned. I would be glad to look into the matter.

Mr. HAHN: According to the report which Mr. McGregor gave us it seems that the onus or responsibility is on the employee. I wonder what responsibility the employer has in respect to notifying the department that men are unemployed. I am thinking not only of the loggers and the construction men

who move about the country. Frequently I have found that in the case of individual small businessmen, or in respect to larger concerns, from time to time, this does happen quite regularly and the individual is dismissed and has been told that his unemployment insurance book is not ready today, that if he comes back another day it will be ready for him. He comes back the following day and still the book is not ready or someone who prepares it is not available and he is just pushed off as you might say. I am wondering what consideration has been given possibly to providing in the book itself a formal notice of dismissal containing the number in the book which the employee would be given at the time of his dismissal.

Mr. MCGREGOR: Mr. Chairman, when our office discovers that an employer is holding up a book for any reason whatsoever, and it is possible to get in touch with the employer by telephone, they telephone him immediately and inform him that he must release that book. Moreover, every time our auditor visits an employer he impresses upon him the necessity of giving an employee his book immediately on separation.

There is also a provision in the regulations which says that an employer need not wait until the end of a pay period to affix the stamps, or even until a pay is made up. He can put stamps in for a current week on the basis of the previous weeks' earnings, in order to facilitate the release of the book.

Now, with regard to your suggestion that an employer put a notice of dismissal in the book, we have considered that time and again. There is one great detriment, I think, and that is, that the employee would be carrying this book around with him, and when he goes to see a new employer, the employer looks at the book and says, "I see that you were fired from ABC company. I do not want anything to do with you." Moreover, if there were circumstances surrounding an employee's leaving that were derogatory to him, it is a ten to one bet that the employer would not put that in a book that an employee would carry around with him.

Mr. HAHN: It is not my object to have an employee carry a book around with him, but that an employer should be held responsible for giving an employee a slip indicating that he was laid off or dismissed, as the case might be, so that he could turn it in to the employment insurance office and have a formal declaration that such was the case.

I commend the department for the way in which they have handled most of these cases, but I do know that we have individual cases where an employee, having taken careful note of the book that we gave him thought that there was no object in going to make a claim until he had the book. As a result of that thinking, he waits for a week until he gets his book. In such a case he would lose his waiting time.

Mr. MCGREGOR: Mr. Chairman, every person gets a booklet called *The Worker's Handbook* at the time he becomes an insured person. It is clearly pointed out to him in this booklet that he does not have to wait for his insurance book in order to make a claim for benefit. He is told that he can go down to the local office and make his claim without it. But, when he is there, the necessity of getting his book is impressed upon him. We are handicapped in computing his claim—we do not know what his contributions were, and that is the reason he needs the book. However, in the first instance, he does not have to have his book in order to make a claim, but the claim will be delayed, or he may be disqualified because of the lack of the book.



Mr. HAHN: That is where the responsibility on the employer comes in as far as I am concerned. It appears to me that if the employer delays in respect to giving that book to the employee, it is not the employee's fault, if he has asked for that book. Does the Unemployment Insurance Commission at that point—when an employee registers his claim, even though he has not got his book and does not know the exact number of it, and so on—does the Unemployment Insurance Commission at that time contact the employer?

Mr. MCGREGOR: Yes. We go even further than that. When we have claimants coming in who do not even know their number, as you say. On our failing to get in touch with the employer, when he is at a distant point, we will check through the master index at Ottawa to find out his number. However, at this time of year, when an employee has almost 12 months contributions—which may change his rate completely—the lack of his book may be the difference between his qualifying and not qualifying. That is why the book is essential. At any time that an employee reports to us that an employer is holding his book, for any reason, and the employer can be contacted by telephone, we telephone him immediately.

Mr. HAHN: Is an employee penalized as a result of an employer holding a book so that it comes in a week or two late?

Mr. MCGREGOR: It would be a matter of delay perhaps, in getting his benefit through.

Mr. HAHN: He will get the benefit, though, from the time he reported?

Mr. MCGREGOR: Yes, so long as it is not neglect on his part. If it is not his fault we bend backwards to help him.

Mr. GAUTHIER (*Nickel Belt*): You said a moment ago that you had regional men going around the country. If they find out from the superintendents of those offices that there are certain employers who are not giving the cooperation they should to the employees, is it not a policy of the department that these men visit these employers and impress upon them the importance of having these books handed over to the employees when they are laid off?

Mr. MCGREGOR: Yes. The auditor makes a point of impressing this upon an employer on every occasion that he visits him. If at any time he discovers that there are current books there that should have been handed to employees when they left, he goes right after the employer and tells him that he should have given the books to the employees immediately on their leaving.

Mr. STUDER: Mr. Chairman, perhaps we should have some of these little booklets so that we could read them. It would save a little time.

The CHAIRMAN: Gentlemen, it is now 12.30. I think it would be in order to adjourn to the call of the chair. Just before we do that, it was agreed at the last meeting, I believe, to have this statement, with regard to holidays with pay, included as an appendix. Would it be agreeable to have this statement added as an appendix today. I think the statement was requested by Mr. Knowles at the last meeting. I just wanted to get authority to have it printed and included in the proceedings.

Some Hon. MEMBERS: Agreed.

The CHAIRMAN: Now it is in order to move that we adjourn.

Mr. MURCHISON: Just before we adjourn —

Mr. BARNETT: In respect to the first table that was read to us by Mr. McGregor, with regard to the changes in section 45(2), I take it that these figures on total claims computed, and benefit periods not established, are in relation to second or subsequent claims? In other words, the claims that come specifically under that section?

Mr. MCGREGOR: In all three sets of figures there are first claims and subsequent claims. It includes all of them.

Mr. BARNETT: These are the total numbers?

Mr. MCGREGOR: They are the total numbers.

Mr. BARNETT: They are not just for second or subsequent claims?

Mr. MCGREGOR: They are not in respect of section 45(2) cases only.

Mr. BARNETT: I thought that point should be cleared for the record.

Mr. MURCHISON: Mr. Chairman, I indicated at the outset that the insurance branch has a special job to do in the field with respect to training our officials in the matter of handling the regulations on fishing. If it is satisfactory to you and to your committee, a subsequent meeting might be held off until after March 18. That would give our people time enough to complete their jobs in the field.

Mr. BARNETT: What was that date?

The CHAIRMAN: March 18. That would be agreeable, I think.

The committee adjourned.

## APPENDIX "A"

Information supplied by the Unemployment Insurance Commission relating to Holidays and Earnings.

The rule with respect to odd holidays is that if the only reason for a claimant's not working during a week is because of a holiday he is not considered unemployed that week.

When holiday pay is payable for a day, or days, prior to separation from employment, such pay is regarded as earnings for the week to which it pertains.

If holiday pay is payable for a day, or days, after separation from employment,\* such pay is disregarded for benefit purposes unless a general continuous holiday, for the claimant's grade or class, occurs at the plant, at which he worked, within six weeks of the date of his separation. In this latter event the holiday pay is allocated to the period of the holiday and counted as earnings for that period.





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*Canada. Industrial Relations Standing  
Committee on, 1957*

(HOUSE OF COMMONS

Fifth Session—Twenty-second Parliament

1957



STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

Chairman: G. E. NIXON, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

Bill No. 178

An Act to amend the Merchant Seamen Compensation Act.

TUESDAY, MARCH 5, 1957

WITNESSES

Mr. A. H. Brown, Deputy Minister of Labour; Mr. G. G. Greene, Director,  
Mr. S. Leeson, Assistant Director, and Mr. J. F. Ellsworth, Claims  
Officer, all of the Government Employee's Compensation Branch;  
and Mr. W. B. Davis, Departmental Solicitor.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1957.

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

*Chairman:* G. E. Nixon, Esq.

and

Barnett	Gauthier ( <i>Lac-Saint-</i>	MacEachen
Bell	<i>Jean</i> )	Michener
Brown ( <i>Brantford</i> )	Gauthier ( <i>Nickel Belt</i> )	Murphy ( <i>Westmorland</i> )
Brown ( <i>Essex West</i> )	Gillis	Philpott
Byrne	Hahn	Richardson
Cauchon	Hardie	Rouleau
Churchill	Hosking	Small
Cloutier	Huffman	Starr
Deschatelets	Johnston ( <i>Bow River</i> )	Studer
Dufresne	Knowles	Viau
Fairclough ( <i>Mrs.</i> )	Leduc ( <i>Verdun</i> )	Vincent—34
Fraser ( <i>St. John's East</i> )	Lusby	

(Quorum 10)

E. W. Innes,  
*Clerk of the Committee*



ORDER OF REFERENCE

THURSDAY, February 28, 1957.

*Ordered*,—That the following Bill be referred to the said Committee:  
Bill No. 178, An Act to amend the Merchant Seamen Compensation Act.

Attest.

LEON J. RAYMOND,  
*Clerk of the House.*

## REPORT TO THE HOUSE

The Standing Committee on Industrial Relations begs leave to present the following as its

### SECOND REPORT

Your Committee has considered Bill No. 178, "An Act to amend the Merchant Seamen Compensation Act", and has agreed to report it with one amendment, namely:

#### *Clause 1*

Page 1, line 28, after the word "until", insert the following: "in the opinion of the Board".

A copy of the Minutes of Proceedings and Evidence adduced in respect of the said Bill is appended.

Respectfully submitted,

J. L. GAUTHIER,  
*Acting Chairman.*

## MINUTES OF PROCEEDINGS

TUESDAY, March 5, 1957

(4)

The Standing Committee on Industrial Relations met at 11.00 a.m. this day. The Chairman, Mr. G. E. Nixon, was unavoidably absent.

*Members present:* Messrs. Barnett, Bell, Brown (*Brantford*), Churchill, Mrs. Fairclough, Messrs. Fraser (*St. John's E.*), Gauthier (*Nickel Belt*), Gillis, Hahn, Hardie, Lusby, Murphy (*Westmorland*), Small, Starr, and Studer.

*In attendance:* Hon. M. F. Gregg, V.C., Minister of Labour; Mr. J. A. Blanchette, M.P., Parliamentary Assistant to the Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Mr. G. G. Greene, Director, Mr. S. Leeson, Assistant Director, and Mr. J. F. Ellsworth, Claims Officer, all of the Government Employee's Compensation Branch; and Mr. W. B. Davis, Departmental Solicitor.

Mr. Murphy (*Westmorland*) moved, seconded by Mr. Lusby,—

That Mr. Gauthier (*Nickel Belt*) be the Chairman of the Committee for this day.

There being no other nominations, Mr. Gauthier took the Chair.

The Committee proceeded to the consideration of Bill No. 178, "An Act to amend the Merchant Seamen Compensation Act", the minister and the officials of the Labour Department supplying information thereon.

*On Clause 1:*

*Agreed;* On motion of Mrs. Fairclough,—

That on Page 1, line 28, after the word "until" there be inserted the following: "in the opinion of the Board".

Clause 1, as amended, was adopted.

Clauses 2 to 6 inclusive and the Title were adopted.

The Bill as amended was adopted and the Chairman was instructed to so report to the House.

At 12.00 noon the Committee adjourned to the call of the Chair.

E. W. Innes,  
*Clerk of the Committee.*





## EVIDENCE

TUESDAY, March 5, 1957.  
11.00 a.m.

The ACTING CHAIRMAN (Mr. L. Gauthier, (*Nickel Belt*)): At the last meeting you will recall that the Industrial Relations Committee had postponed its hearing until the middle of March. Now, other legislation has been presented in the form of a bill by the Minister of Labour, and a special meeting, I presume, has been called to answer such questions as apply to that bill. I think it would be proper at this time to ask the Minister to give an explanation of the bill in question; then we may discuss it.

Hon. Mr. GREGG: I do not think there is very much I need to add at this juncture to the explanation that I gave in the house on second reading. The bill is designed, of course, to bring the benefits of this federal legislation up to and in line with the better terms in the provinces. We have not amended it, perhaps, as often as the provinces have, and consequently we have made a fairly large jump in some of the benefits outlined here. I should like to say that the few points that were made in debate on second reading have been noted by my officers and myself, and when we come to the proper parts of the bill we will be glad to discuss them.

The ACTING CHAIRMAN: Shall we proceed with the bill, now, Bill No. 178, An Act to amend the Merchant Seamen Compensation Act. Let us get on with clause 1.

Mrs. FAIRCLOUGH: May I ask the minister to explain what board has the responsibility for the administration of this act?

Hon. Mr. GREGG: It is a board composed of public servants. Will you name them, Mr. Brown?

Mr. A. H. BROWN (*Deputy Minister of Labour*): They are appointed by the governor in council, and I am the chairman of the board. Mr. Bennett Roberts, chairman of the National Harbours Board is the second member of the board and Captain G. L. C. Johnson of the Department of Transport is the third member.

The ACTING CHAIRMAN: Are there any further questions on that?

Mr. BARNETT: I wonder if we could have the number of cases that come to the board in the course of a year, some idea of the size of the money payments involved and the number of people on compensation of one kind or another?

Hon. Mr. GREGG: Mr. Greene, who administers the act under the board, may say something on that.

Mr. GEORGE G. GREENE (*Secretary, Merchant Seamen Compensation Board*): There have been, as the minister said in the House, 824 accidents to seamen covered by this act since August, 1945. In about 600 of these cases they were just temporary, disabilities for a short period of time. Now we have here 85 cases of permanent disability where the disability was not higher than 10 per cent of the capacity to earn, and so the board awarded in these 85 cases lump sums of money based on the value of the disability, over the rest of their lives. That is the usual way it is done. We had 15 cases where monthly awards were made, and these are the cases where the disability would be more than 10 per cent. They have been getting varying amounts \$20, \$30 a month and

things like that. In the case of death, of course, there is a lump sum payable to the widows and there have been 15 of these lump sum payments in these years to widows and 35 pensions and allowances awarded to widows and children. There have been 54 claims disallowed out of a total of 824. The amounts paid, of course, would depend upon the degree of disability and on the earnings.

Mr. BROWN: I might add that this act simply covers the seamen who are not covered by the provincial workmen's compensation act. The total number involved covers approximately 3,600, between 3,500 and 4,000 seamen.

Mrs. FAIRCLOUGH: I should like to get it clear just how this act ties in with the Government Employees' Compensation Act. We have a board which has jurisdiction over the administration of this act, but do you still look to the provincial compensation boards with respect to deciding what is to be done?

Mr. GREENE: The board.

Mrs. FAIRCLOUGH: Where is the treatment given? The provincial workmen's compensation boards handle all cases for the federal government which come under the Government Employees' Compensation Act. Who pays for these which come under this Act?

Mr. GREENE: The company. The ship operator, when he has an injured seaman, looks after that. The companies are covered by liability insurance. They are required under this act to take out indemnity insurance and they look after the injured employee. They take care of their hospitalization, get their doctors and so on. The onus is on the company.

Mrs. FAIRCLOUGH: Then you may have a different type of care, depending upon the attitude of the individual employer?

Mr. GREENE: We have never had any difficulty.

Mrs. FAIRCLOUGH: I suppose that is because there have been comparatively few cases.

Mr. STARR: Are there any instructions issued to these companies as to the type and standard of insurance that they must carry to safeguard their employees in case of an accident?

Mr. GREENE: As to the insurance covered, you take into account the obligations they have under the act. Under the act they have financial obligations to injured seamen, so they carry sufficient insurance, and we get copies of the insurance notes when the insurance policies are issued and we are satisfied that the safeguard is adequate.

Mr. STARR: What is the standard? They must comply to a form of legislation?

Mr. GREENE: Yes. Section 29 of the act covers that. It says here:

Every employer shall cover by insurance or other means satisfactory to the board, the risks of compensation arising under this act.

So they have to supply us with copies of the insurance policies, not the policies exactly, but the notes that the underwriters issue. So we are satisfied.

Mrs. FAIRCLOUGH: To me it is one thing to be cared for in the hospital and have your bills paid, and it is another thing to rehabilitate a person. I wonder if these claims cover that.

Mr. GREENE: With a minor difference. I will mention section 44. It says:

(1) Every seaman entitled to compensation under this act is entitled to such medical, surgical and dental aid, and hospital and skilled nursing services as may be necessary as a result of the injury, and is entitled to such artificial member or members and apparatus and



dental appliances and apparatus as may be necessary as a result of the injury and to have the same kept in repair or replaced when deemed necessary.

(2) The medical aid to which a seaman is entitled under subsection (1) shall be furnished and paid for by his employer.

(3) Any question as to the necessity, character and sufficiency of any medical aid furnished or to be furnished may be referred to the board for a decision.

I will jump the section concerning fees.

(5) Every employer shall at his own expense furnish to any seaman injured in his employment who is in need of it, immediate conveyance and transportation to a hospital, or to a physician, or to the seaman's home within a reasonable limit.

Hon. Mr. GREGG: I think what Mrs. Fairclough means is the stage beyond that; that the seaman would not have any right, such as those under the Workmen's Compensation Act of Ontario, to go to Malton. I think that would have to be worked out under the federal-provincial rehabilitation programme.

Mr. BROWN: If the medical advisor who is dealing with the case recommends rehabilitation services, we have to make arrangements with the provincial board.

Mrs. FAIRCLOUGH: You do that, Mr. Brown?

Mr. BROWN: Yes, all the cost of the rehabilitation services is charged against the employer.

Mrs. FAIRCLOUGH: And he would not have insurance to cover that, likely?

Mr. BROWN: Yes, that is right.

Mr. GREENE: I imagine that their insurance would cover that.

Mrs. FAIRCLOUGH: You know, sometimes when a man suffers a disability he is not able to resume his former occupation, and rehabilitation fits him for other employment, so I hardly think you could charge that against an employer whose insurance covers medical treatment and hospital treatment.

Mr. BROWN: To the extent that that is not covered it would be taken care of in the federal-provincial rehabilitation programme.

Mr. GREENE: To restore a man to resume his work the cost of treatment at Malton under the provincial act is regarded as medical expense.

Mrs. FAIRCLOUGH: It is not specified in that act, is it?

Mr. GREENE: No, it is not specified in that act but, as the minister points out, where the act ends the federal-provincial rehabilitation scheme would take care of a man who lost a limb, say, or something like that. The vast majority of the accidents are minor. We did have some serious ones.

Mr. GILLIS: How is the assessment for permanent disability arrived at; who makes that decision?

Hon. Mr. GREGG: The amount is arrived at by the terms of this amendment that we have before us. I see what you mean. You mean how badly disabled is he?

Mr. GREENE: We have a formula which is pretty much the same as that of the provincial workmen's compensation board.

Mr. GILLIS: I am thinking of a seaman who is hospitalized and the company selects the hospital and the doctor. After the man is treated he has a disability of perhaps 10, 15, or 20 per cent and then makes the decision as to the amount of disability? Once that decision is arrived at in your office you apply the act, but what protection has the seaman?

Mr. GREENE: The board appoints a medical referee. A Doctor MacIntosh in Halifax is our medical referee for cases in that area. Based on the referee's findings the board will award the proper percentage on earnings, and so on and the degree of disability.

Mr. BARNETT: I should like to ask one question as to one who does not take adequate action in a case to obtain the redress, if I may put it that way. As far as I can see from the act it provides that the seaman will give notice to his employer. I was wondering whether under a regulation they are informed to direct a communication to the board, if they felt their employer has not taken the proper course.

Mr. GREENE: We have had quite a number of cases where representations have been made directly or on behalf of a seaman, and the board has dealt with each case and seen that justice is given to the injured man.

Mr. BARNETT: Proceeding on the assumption that the employer was properly notified and it was discovered after that that course had not been followed, that would not prejudice his situation?

Mr. GREENE: The board will review cases on the production of something substantial.

Mr. BROWN: No, that does not prejudice the seaman. They can communicate directly with the board. That is general knowledge.

Mr. GREENE: We did get out and have got out in the past large placards which are posted in all ports and everywhere that seamen go. Naturally, these seamen, most of them, are union men and we notified the union and we did everything we could to protect the seamen under the act.

Mr. BROWN: There is really no reason why an employer should not report, because they are covered by insurance, anyway, and the claim is paid through that source.

Mr. BELL: Mr. Chairman, may I ask where these 3600 seamen would be, generally; what seas, or if we want to carry it further, on the west coast, or great lakes or do they come in ships with British registry?

Mr. BROWN: Mostly the maritime provinces. All the seamen working on the west coast on ships there are taken care of under the British Columbia Workmen's Compensation Act and the same is true of those seamen on the great lakes. It is a question of how the provincial boards apply their residence rules in the application of their acts, and the chief area where the seamen are not covered by the provincial legislation is in some of the maritime provinces.

Mr. BELL: May I ask if there are any groups of seamen that you know of that are not covered by any acts? In other words, have you received any claims which you had to turn down because of lack of qualification under the act?

Mr. BROWN: I am not just sure that I understand that.

Mr. BELL: I wonder if there are any seamen that you know of who would not come under provincial legislation, this legislation or any other legislation? In other words, have you received any claims for compensation or inquiries that you have had to turn down due to lack of requirements under the act, and those seamen did not receive any compensation?

Mr. GREENE: We have had only one case in the last ten years.

The ACTING CHAIRMAN: Where was that from?

Mr. GREENE: Halifax.

Mrs. FAIRCLOUGH: What would be the circumstances?

Mr. GREENE: He wasn't covered under the provincial act and he didn't come under the federal act.

**Mr. Stanley Leeson (Assistant Director, Government Employees' Compensation Branch):**

The circumstances of that case were that the boat was in Halifax being refitted and this man was hired to work on the boat in the daytime and went home at night. He was not ruled a seaman under the act.

Mr. GREENE: The boat did not move and he was engaged to do some work on it.

Mrs. FAIRCLOUGH: He was working for himself?

Mr. GREENE: He was a carpenter, or something; he was not hired as a seaman.

Mr. BELL: But the point I am trying to get at is this; this federal legislation is primarily in existence to supplement the provincial workmen's compensation acts, and I think that we should be careful to see that the changed act is fulfilling its purpose to make sure that the entire group of seamen are covered, otherwise our original intentions would not be fulfilled. I would like to ask you if the department has had a chance to consider pilotage accidents and to make certain that everybody is being covered in some way.

Hon. Mr. GREGG: I think, Mr. Chairman, we might at this point deal with that case, one in which I know Mr. Bell is quite properly interested, and so am I. Will you outline your discussions on it, Mr. Brown?

Mr. BROWN: I will ask Mr. Greene to do that. He is more familiar with it. Of course, pilots are not covered by our legislation, because they are self-employed people. We have had discussions with the Department of Transport.

Hon. Mr. GREGG: Then, the other group consists of pilots or those who on behalf of the pilots are operating a ship.

Mr. GREENE: First, the two men who lost their lives when the *Magnificent* upset a tugboat, were civilian employees of the navy, and their dependents are taken care of under the Government Employees Compensation Act. In connection with the pilot boat that was lost outside the harbour of Saint John, naturally the three pilots are not covered because pilots are excluded from this act. But this left the question of the four crew members, two of whom were married men with dependents. These two crew members have joined in taking action against the ship, together with the pilots. The other two were single men with no dependents.

As far as the pilot boat is concerned, the pilots themselves are excluded from the act. The question of the crew members employed by the pilots has come up now because of the loss of that boat. As Mr. Brown has said, discussions are going on with the Department of Transport and the Department of Justice to try to get a clear picture as to where the responsibility for the crew members lies. Prior to 1951 the crews of these pilot boats were employees of the pilots. There is no doubt about it. But in that year the Department of Transport changed the arrangement they had with the pilots at Sydney, Halifax, Saint John, Bras d'Or and along the British Columbia coast. The arrangement was that they would reimburse the pilots for the cost of operating their boat, repairs and so on. That meant that the crew was paid by the pilots and the pilots were reimbursed by the Department of Transport from their appropriation year by year. There was an indirect payment of wages. There was the thought that perhaps these crews might come under the Government Employees' Compensation Act. That point was discussed, but at present I think the Department of Transport is seeking a ruling from the Department



of Justice as to the eligibility of these pilot-boat employees under the Merchant Seamen Compensation Act. This pilot boat was lost in home trade waters.

I might say that this is the first time that kind of case has come up and it was a little bit of a problem to see where the jurisdiction was and where the responsibility was. If it was decided that they came under the Merchant Seamen Compensation Act these would be awarded against the pilots' fund, and this would be repaid.

Hon. Mr. GREGG: If the pilots were to take out insurance in the same way as the merchant ships did, then you were discussing with the Department of Transport whether that might provide the right to pay compensation under this act?

Mr. GREENE: Yes.

Mrs. FAIRCLOUGH: Even in the event that the responsibility was assessed against the pilots' fund, in effect it would be precisely as though it came under the Government Employees' Compensation Act?

Mr. GREENE: Yes, it would be.

Hon. Mr. GREGG: The pilot fund is exclusively under their jurisdiction. They decide what benefits they shall have in case of accident or death.

Mr. BELL: Mr. Chairman, I think it shows a loophole in the act, or at least it is a new circumstance which we have not had to deal with before; but the four non-pilots who were lost in this accident should be considered. I do not say that they should all come under compensation but they should be considered as to this act; and if I have my information correctly, there are two married individuals concerned. They are presently joined in a suit against the incoming vessel, and our attitude would be affected by the result of that suit. In other words, if they received some sort of damages then our consideration would be different than that. Are we in agreement that if this action fails attention would be given to having a case reconsidered, because I feel it is quite important. I know the interest of the minister in this case, and there is no doubt in my mind or anybody else's about that. It is just that we do not want to have the matter left up in the air.

Hon. Mr. GREGG: That is the part that has concerned me. If this action fails I am wondering still whether it would be possible to interpret this in a way favourable to such cases.

Mr. BROWN: That will be a matter of whether or not we get an interpretation that this vessel, which is normally a harbour vessel, was engaged in a home trade voyage at the time of the accident.

Mr. GREENE: If we get the interpretation it could be covered.

Mr. BROWN: Yes; otherwise it will have to be dealt with through the Department of Transport estimates, or something like that. I think I should say that both our department and the Department of Transport are greatly interested in this case and we will pursue it.

Hon. Mr. GREGG: If it were interpreted that way, that might open the way to extend it to the crews of pilot boats.

Mr. BROWN: I think as far as the future is concerned if the Department of Transport wanted to cover these crews on the pilots' boats it could arrange the payment so they would be paid as employees of the crown rather than employees of the pilots. That would bring them immediately under the Government Employees' Compensation Act, and as a matter of fact, I believe that is the arrangement in some other ports.

Mrs. FAIRCLOUGH: It seems to me that that would be a sensible thing to do because in the final analysis, responsibility for payment for compensation has to come right back to the crown, except of course, in a situation such as that which Mr. Bell describes.

Mr. BELL: It does show in the fact that we have to deal with this immediate problem, but it does present a future problem when we have the pilots and their employees and also the Merchant Seamen Compensation Act in the Department of Labour and it is really unsatisfactory without knowing what the solution will be. I do not mean that the administration of this act by the Department of Labour is unsatisfactory, but it does point out the situation where it could be passed from one bureaucratic department to another. I understand that one of the other individuals, one of the other non-married non-pilots, perhaps might have a dependent mother where he was single. How would the dependent's mother be affected?

Mr. GREENE: Dependents' mothers have been taken care of under the act.

Mr. BROWN: That would depend upon the decision of the board.

Mr. BELL: If you felt the other individual qualified the same as a married man did, he would receive the same consideration that you are going to give under the circumstances.

Mr. HAHN: Mr. Greene in his computation outlined for us 204 cases, but I note there were 20 cases short between 824 accidents and the 204 temporarily under compensation. I was wondering what the cases would be.

Mr. GREENE: There are 21 temporary disability cases. Over 600 cases were minor temporary disability cases which do not figure into the statement I have in front of me, and then there are 21 I have here that came before the board, and there were problems involved in them.

Mr. HAHN: 54 claims were disallowed! What is the basis of the disallowance?

Mr. GREENE: I anticipated the question. Generally speaking, it would be by not being covered under the act. We did get out a few samples. If you like, I will read them to you, I have 10 cases. Here are two or three of them;

Night watchman—left the post on board ship without permission—by returning to ship in an intoxicated condition, fell into hatch of boat moored along side.

Second cook—claimant's misconduct—drinking and fooling on galley—struck at another seaman with a meat cleaver—missed and hit himself on the head.

These are the types. I notice in running my eye over here that most of these cases involved intoxication. Generally, that is what happened.

Mr. HAHN: What is the major cause of accidents; could you give us one or two?

Mr. GREENE: Getting struck by flying objects, falling down hatchways, slipping on oily surfaces.

Mr. HAHN: Nothing that could not be taken care of by reason of not heeding regulations in respect to stopping accidents from occurring.

Mr. GREENE: No, frankly, I think the answer to that is that the type of accidents is pretty much the same as those on land: falls, struck by winches, flying objects. On board ship you will find oily surfaces—causing falls and we have had cases of cooks cutting themselves in the galley.

Mr. HAHN: There is none that might be attributed to labour fatigue?

Mr. GREENE: We have never had any like that that I can recall.

Mr. BROWN: There has been a discussion of the table that Mr. Green has. I think it might be included in the record.

## MERCHANT SEAMEN COMPENSATION ACT

STATEMENT SHOWING NUMBER OF MEETINGS HELD BY THE MERCHANT SEAMEN COMPENSATION BOARD, NUMBER OF CLAIMS DEALT WITH BY THE BOARD AND DISPOSITION OF SUCH CLAIMS, SINCE AUGUST 1st, 1945.

Fiscal Year	Number of Board Meetings	Number of Claims Dealt with	Number of Claims Disallowed	DISPOSITION OF CLAIMS						
				Temporary Disability only	AWARDS		Lump Sums	DEATH		
					Permanent Disability	Monthly Pensions		Monthly Pensions	Funeral Expenses only	
										Lump Sums
1945-1946	3	Nil	—	—	—	—	—	—	—	—
1946-1947	7	31	7	3	9	3	1	8	—	—
1947-1948	6	26	4	2	7	1	8	3	1	—
1948-1949	7	39	12	4	15	1	4	3	—	—
1949-1950	6	33	14	3	13	2	—	1	—	—
1950-1951	4	26	5	6	8	1	2	2	—	—
1951-1952	4	24	3	1	4	3	—	2	1	—
1952-1953	2	16	2	—	8	—	—	1	1	—
1953-1954	5	13	1	—	9	—	—	1	—	—
1954-1955	3	13	3	1	3	1	—	1	—	—
1955-1956	4	27	3	1	5	3	—	5	2	—
1956-1957	1	13	—	—	4	—	—	8	1	—
(April 1 to Dec. 31, 1956)	52	xx261	54	21	85	15	15	15	35	6

x Part year only.

xx Some claims dealt with at more than one meeting.

First meeting held on August 6th, 1945.  
First claim dealt with on May 27th, 1946.



Mr. BARNETT: Mr. Chairman, most of the various clauses in the bill have to do with changes that are being made in rates and benefits, and the minister has indicated it is a bill to bring it in line with provincial payments. I wonder, before we start any discussion of the details, if the minister or someone will indicate whether there have been any changes of which the department is aware in the provincial benefits since we had the discussion in 1955 on the Government Employees' Compensation Act, and you will recall we had an appendix attached to the proceedings of the department in May, 1955, and the report of December, 1955.

Mr. BROWN: This has been brought up to date. Do you want to see that copy?

Mrs. FAIRCLOUGH: Do you propose to issue a revised one? The last one was 1955 and some of the provincial rates have been changed since then.

Mr. GREENE: That comes out in December of each year. It is revised once a year.

The ACTING CHAIRMAN: Are there any more questions. We have been pretty well over the ground on clause 1 and the explanatory notes there. If there are no other discussions, what do you say about clause 1? Will we carry clause 1?

Mrs. FAIRCLOUGH: Are you on clause 1 now?

The ACTING CHAIRMAN: Clause 1 and the explanatory notes, and even clause 4.

Mrs. FAIRCLOUGH: If you are finished with this other matter we were discussing, you will recall in the house on second reading that Mr. Bell asked with reference to this subsection 3 of clause 1. In the explanatory note to this section it says:

Formerly the board had to decide how long compensation would be paid to an invalid child. The proposed subsection (6) provides a compensation in all cases will be paid to an invalid child until he ceases to be an invalid.

Now in the previous act, it says... "so long as in the opinion of the board it might reasonably have expected..." and so on. There is no mention of the board in the revision. Who is going to decide now whether the child is still an invalid?

Mr. BROWN: The definition of an invalid means physically or mentally incapable of earning. The board in dealing with that type of case would have to use the services of, I presume, a medical expert. We have not met that situation yet.

Mrs. FAIRCLOUGH: You see what I mean, Mr. Brown. In the old clause it was "so long as in the opinion of the board it might reasonably have been expected..." and in the new clause it says:

Compensation is payable to an invalid child without regard to the age of such child, and payments to such child shall continue until the child ceases to be an invalid.

It does not say that the board has to make that decision.

Mr. BROWN: I will ask Mr. Davis to deal with that. I think this provision was taken directly from the provisions of and is in line with one of the provincial workmen's compensation board acts.

Mr. W. B. DAVIS (*Solicitor, Department of Labour*): It follows exactly the wording of the provincial compensation boards. We have it in the provincial acts but where it does not say that the board decides, it would be the board that would make that decision.

Mrs. FAIRCLOUGH: Or where there is evidence that the so-called invalid, by accepting employment moved out of the invalid class. There is still a possibility that any former invalid is able to accept some employment but not able to be self-sustaining. Some procedure should be available to assist in establishing capacity to earn and it should be understood what authority has jurisdiction over the decision.

Mr. DAVIS: They are either unable to or are not. Beyond that date I would not think there would be any question of jurisdiction. Either they would be completely invalid, or would not.

Mrs. FAIRCLOUGH: I cannot agree there. Of course, all of us know of cases where persons are in an invalid condition and are able to earn a small amount, but certainly not enough to be self-sustaining. You say that the criterion will be whether they are able to earn?

Mr. DAVIS: The definition means physically or mentally incapable of earning. If they earn a small amount I think that the board is not bound to a strict legal precedent. If the invalid were to earn a small amount the board would have to take that into consideration. But the board is not bound to a strict, legal precedent.

Mrs. FAIRCLOUGH: I think it is important that you do not discourage people from earning, because even if they earn a very small amount it keeps their interest alive. To give an example that I know of where a person was disabled and in a wheel chair, he was able to carry on a very small magazine business, through using the telephone and calling people. Actually, he was completely physically incapable of doing anything else.

Mr. DAVIS: I think the board would take it into consideration. This follows the wording of all the acts. The wording of the acts of provincial boards have a leeway because they do not have to be bound by strict legal precedent.

Mr. BROWN: I think we can very well quiet any doubts in this way. We might put in that paragraph containing a new subsection 6 at line 28 after the word "until" the words "in the opinion of the board". That would cover it.

The ACTING CHAIRMAN: Will you move that, Mrs. Fairclough.

Mrs. FAIRCLOUGH: Yes.

The ACTING CHAIRMAN: That after the word "until" there be added "in the opinion of the board".

Mrs. FAIRCLOUGH: Yes.

The ACTING CHAIRMAN: All in favour of that change in the subsection.

Agreed.

Hon. Mr. GREGG: I am sure that it would be the duty of the board to establish contact for the rehabilitation of the child, and so on, if the dependant child has some physical incapacity that should be taken into consideration for rehabilitation under the provincial act or the federal act.

Mr. HAHN: It will have to be in the opinion of the board, would it not?

Hon. Mr. GREGG: I think it might just as well be set out as it was in the old act.

The ACTING CHAIRMAN: Is there any further discussion?

Clause 1, as amended, agreed to.

Clauses 2 to 9 inclusive agreed to.

Title agreed to.

The ACTING CHAIRMAN: Shall I report the bill?

Agreed to.

The committee adjourned.

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Cacada. Industrial Relations, Standing  
Committee, 1958

HOUSE OF COMMONS

First Session—Twenty-fourth Parliament  
1958

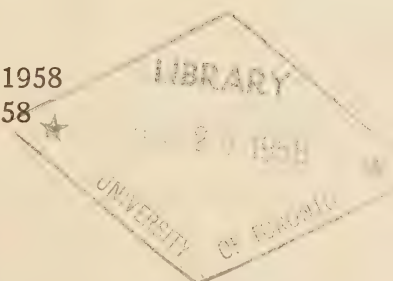
STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE  
No. 1

DEPARTMENT OF LABOUR ESTIMATES, 1958-59

THURSDAY, JULY 3, 1958  
FRIDAY, JULY 18, 1958 ★



WITNESSES

Hon. Michael Starr, Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Mr. G. C. Cushing, Assistant Deputy Minister of Labour; Mr. J. Mainwaring, Acting Director, Economics and Research Branch; Mr. J. Francis, Division Chief, Economics and Research Branch; Mr. J. G. Fletcher, Actuary, Annuities Branch; Mr. Bernard Wilson, Director, Industrial Relations Branch.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1958



STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: R. H. Small, Esq.,

Vice-Chairman: T. Ricard, Esq.,

and Messrs.

Allmark,  
Beech,  
Benidickson,  
Bourdages,  
\*Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Cooper,  
Deschatelets,  
Drouin,  
English,  
Grafftey,

Granger,  
Houck,  
Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martini,  
McDonald  
(*Hamilton South*),  
McWilliam,  
(Quorum 10)

Mitchell,  
Muir (*Cape Breton North  
and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Skoreyko,  
Smith (*Winnipeg North*)  
Spencer,  
Stanton,  
Weichel—35.

M. Slack,  
Clerk of the Committee.

\*Replaced on Wednesday, June 18, by Mr. Martin (*Essex East*)

## ORDERS OF REFERENCE

House of Commons,  
TUESDAY, June 3, 1958.

*Resolved*,—That the following Members do compose the Standing Committee on Industrial Relations:

Messrs.

Allmark,	Granger,	Mitchell,
Beech,	Houck,	Muir ( <i>Cape Breton North and Victoria</i> ),
Benidickson,	Lafrenière,	Noble,
Bourdages,	Lahaye,	Peters,
Brassard ( <i>Lapointe</i> ),	Loiselle,	Pigeon,
Browne ( <i>Vancouver-Kingsway</i> ),	MacInnis,	Ricard,
Caron,	MacLean ( <i>Winnipeg North Centre</i> ),	Skoreyko,
Cooper,	Mandziuk,	Small,
Deschatelets,	Martini,	Smith ( <i>Winnipeg North</i> ),
Drouin,	McDonald	Spencer,
English,	( <i>Hamilton South</i> ),	Stanton,
Grafftey,	McWilliam,	Weichel—35.

*Ordered*,—That the Standing Committee on Industrial Relations be empowered to examine and inquire into all such matters and things as may be referred to it by the House; and to report from time to time its opinions and observations thereon, with power to send for persons, papers and records.

WEDNESDAY, June 18, 1958.

*Ordered*,—That the name of Mr. Martin (*Essex East*) be substituted for that of Mr. Brassard (*Lapointe*) on the said Committee.

MONDAY, July 7, 1958.

*Ordered*,—That the Standing Committee on Industrial Relations be empowered to print, from day to day, 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence and that Standing Order 66 be suspended in relation thereto.

*Ordered*,—That the said Committee be granted leave to sit while the House is sitting.

WEDNESDAY, July 9, 1958.

*Ordered*,—That items numbered 170 to 180 inclusive, as listed in the Main Estimates 1958-59; and items numbered 571 to 573 inclusive, as listed in the Supplementary Estimates for the fiscal year ending March 31, 1959, relating to the Department of Labour, be withdrawn from the Committee of Supply and be referred to the Standing Committee on Industrial Relations, saving always the powers of the Committee of Supply in relation to the voting of public moneys.

*Attest.*

LEON J. RAYMOND,  
Clerk of the House.

## REPORT TO THE HOUSE

FRIDAY, July 4, 1958.

The Standing Committee on Industrial Relations has the honour to present the following as its

### FIRST REPORT

Your Committee recommends:

1. That it be empowered to print, from day to day, 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence and that Standing Order 66 be suspended in relation thereto.
2. That it be granted leave to sit while the House is sitting.

Respectfully submitted,

R. H. SMALL,  
*Chairman.*



## MINUTES OF PROCEEDINGS

THURSDAY, July 3, 1958.

The Standing Committee on Industrial Relations met at 9.30 a.m. this day for organization purposes.

*Members present:* Messrs. Beech, Bourdages, Browne (*Vancouver-Kingsway*), Caron, Grafftey, Houck, Mandziuk, Martini, Mitchell, Noble, Pigeon, Ricard, Small, Stanton, Weichel—15.

Mr. Stanton moved, seconded by Mr. Mandziuk, that Mr. R. H. Small be the Chairman of this Committee.

There being no further nominations, Mr. Small was declared duly elected as Chairman.

The Chairman thanked the Committee for the honour conferred on him. He stated that he expected the Estimates of the Department of Labour to be referred to the Committee at an early date.

On motion of Mr. Browne, seconded by Mr. Grafftey,

*Resolved*,—That Mr. Ricard be Vice-Chairman of the Committee.

On motion of Mr. Houck, seconded by Mr. Ricard,

*Resolved*,—That permission be sought to print, from day to day, 750 copies in English and 250 copies in French of the Committee's Minutes of Proceedings and Evidence.

On motion of Mr. Beech, seconded by Mr. Noble,

*Resolved*,—That a subcommittee on Agenda and Procedure, composed of the Chairman and six members to be named by him, be appointed.

Moved by Mr. Ricard, seconded by Mr. Mandziuk,

That leave be asked to sit while the House is sitting.

Carried on division.

At 9:50 a.m. the Committee adjourned to the call of the Chair.

FRIDAY, July 18, 1958.  
(2)

The Standing Committee on Industrial Relations met at 9.05 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Browne (*Vancouver-Kingsway*), Caron, English Grafftey, Lafreniere, Lahaye, Loiseau, MacInnis, Mandziuk, Martini, McDonald (*Hamilton South*), McWilliam, Mitchell, Peters, Ricard, Small, Stanton, and Weichel—18.

*In attendance:* The Honourable Michael Starr, Minister of Labour; *From the Department of Labour:* Messrs. A. H. Brown, Deputy Minister; G. C. Cushing, Assistant Deputy Minister; B. Wilson, Director of Industrial Relations Branch; J. Mainwaring, Acting Director of Economics and Research Branch; J.

Francis, Division Chief of Economics and Research Branch; G. Schonning, Division Chief, Economics and Research Branch; W. Drinkwater, Editor of Labour Gazette; P. R. Parent, Director of Administration; W. W. Dawson, Director of Special Services Branch; R. Ford, Director of Training Branch; J. G. Fletcher, Actuary of Annuities Branch; and Miss M. Royce, Director of Women's Bureau.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; J. McGregor, Director of Insurance Branch; W. Thomson, Director of Employment Service; and W. K. Rutherford, Director of Administration.

The Chairman read the Committee's Orders of Reference.

The Chairman announced the composition of the Sub-Committee on Agenda and Procedure comprising the following members: Messrs. Small, Browne, Houck, Mitchell, Muir (*Cape Breton North and Victoria*), Peters, and Ricard.

The Committee proceeded to the consideration of the Main and Supplementary Estimates 1958-59 relating to the Department of Labour.

Item numbered 170—Departmental Administration—was called; Mr. Starr made a preliminary statement and was questioned.

Copies of "Organizational and Functional Charts" of the Department of Labour were distributed to the Committee.

Item 170 was allowed to stand.

Item 171—To provide for expenses of the Economics and Research Branch—was considered, the Minister and his officials supplying information and answering questions thereon.

Item 171 was adopted.

Item 172—Administration of Annuities Act—was considered, the Minister and his officials supplying information and answering questions thereon.

Item 172 was adopted.

Item 571 (Supplementary)—Administration of Annuities Act—was called and adopted.

Item 572 (Supplementary)—To authorize the payment of interest, in the current and subsequent fiscal years, out of the Government Annuities Account—was called and adopted.

Item 173—Industrial Relations Activities—was considered and questions answered by Messrs. B. Wilson, A. H. Brown and G. C. Cushing.

At 10.55 a.m. the Committee adjourned until 9.00 a.m. Wednesday, July 23, 1958.

M. Slack,  
*Clerk of the Committee.*

## EVIDENCE

FRIDAY, July 18, 1958.

9:00 a.m.

The CHAIRMAN: Gentlemen we have a quorum. I think we can start now. Ordinarily it has been the custom to take the first item of the estimates and then hear a statement from the minister of the department. We open up the estimates by calling the general item of administration and then leave it in abeyance until the committee's work is over so that we can come back to any one item if we see fit. That is the procedure which has been followed heretofore and I think we will adhere to it.

We will take as read the members that composed the standing committee on industrial relations. It was ordered that the standing committee on industrial relations be empowered to examine and inquire into all such matters and things as may be referred to it by the house; and to report from time to time its opinions and observations thereon, with power to send for persons, papers and records.

We will now take items 170 to 180 inclusive as listed in the main estimates

I think it would be in order to hear from the minister, Mr. Starr, at this time.

Hon. MICHAEL STARR (*Minister of Labour*): Thank you Mr. Chairman.

The operations of the Department of Labour are fairly well known to most hon. members. However, Mr. Chairman, I would like to preface the discussion of the estimates with a brief statement in regard to those matters which may be of special interest to the members of the committee.

The main estimates of the Department of Labour and the Unemployment Insurance Commission total \$84,891,842. In addition to that there are supplementary estimates being requested which amount to \$1,547,435. That brings the total to \$86,439,277. This is an increase of \$3,832,946 over the amount of \$82,606,331 which was provided for in the 1957-58 operations.

the increase can be explained largely by the fact that an additional \$1,905,000 will be required to meet our commitments with the provinces under the Vocational Training Coordination Act; \$190,000 more will be required to cover government contributions to the unemployment insurance fund—a net increase of \$676,000 in the administration cost of the Unemployment Insurance Commission. There are other small increases which appear in some of the other votes of the estimates.

I think the hon. members would agree with me that these small increases can be dealt with when we come to the particular items in which they are contained.

At this point, Mr. Chairman, I would like to mention a change in the presentation of the estimates this year as compared with 1957-58. There are a number of smaller votes which appeared in the estimates last year and have been amalgamated with the main departmental administration vote. Specifically they are: expenses of international labour conferences; expenses of the Women's Bureau; Labour Gazette; development and special manpower and labour management programs. This was done in order to reduce as much as possible our over-all requirements by providing greater flexibility without interfering with essential services or handicapping our existing programs of work.



With regard to staff I think it would be well if we dealt with this subject in two parts. The first part concerns the staff of the Department of Labour proper as distinct from the Unemployment Insurance Commission.

Provision is made for 643 positions in the Department of Labour proper. This is a slight reduction in the figure for 1957-58 which provided for 646 positions. That is, there are three less positions provided for in these estimates than in the previous estimates.

Speaking in regard to the estimates of the Unemployment Insurance Commission I am asking for 7,924 positions as compared with 7,776 for 1957-58. This is an addition of 148 full time positions. These extra positions are necessary to meet the increased work load which has been and is carried by our national employment service offices. I think I can explain that item at greater length when we are dealing with the item in which this appears. That item is No. 179.

In speaking of staff, Mr. Chairman, I should like to acknowledge with gratitude the valuable service of the personnel of the Department of Labour and the Unemployment Insurance Commission. Since I took over the responsibilities of both of these departments a little better than a year ago I have found the members of my staff most cooperative; helping, as it were, a person who was probably floundering around a great deal at the beginning and still is in many instances. I have found them to be a tower of strength in work which I have had to perform. I think there is widespread recognition and appreciation of the good work that they are doing because I find that the Department of Labour and the Unemployment Insurance Commission had wonderful records in the past, and are good organizations.

I am taking this opportunity, Mr. Chairman and members of the committee to express my warm and sincere gratitude to all of them for what they have done in helping me to discharge my responsibilities. I think that is all I have to say at the moment, Mr. Chairman.

I feel that as we come to each item I would ask the person who is in charge of a particular section make a brief statement; that is, when we come to the item covering annuities, or any other section of our department, those people who are conversant with the work of that particular branch would then make a statement.

Also, for your guidance and help, we have had prepared Department of Labour organizational and functional charts in order that you may know the composition of our department as we are considering the estimates.

I think that is all, Mr. Chairman.

The CHAIRMAN: You have all had these functional charts handed out to you. If you examine them you will see on the corner the number of the item, on the left-hand corner, which will be an aid as to what item is under discussion, and who is in charge of the department.

Before starting I might take this time to announce the steering committee: Mr. Browne, Mr. Houck, Mr. Mitchell, Mr. Muir, Mr. Peters, Mr. Ricard and myself.

We will now take the first item, general administration.

#### GENERAL ADMINISTRATION

Item No. 170. Departmental Administration, including grants as detailed in the Estimates and the expenses of the International Labour Conferences (also includes the former Labour Gazette, Women's Bureau and Manpower Utilization Votes)	\$1,067,166
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The CHAIRMAN: The general administration item includes the amount of detailed information contained in the estimates and expenses of the international labour conferences and also covers the former Labour Gazette, Women's Bureau and manpower utilization. The first item is \$1,067,166. Do you wish to hear from the department on that?

Mr. STARR: Are there any particular questions? We have the people here to answer them.

Mr. BROWNE (*Vancouver-Kingsway*): You mentioned the former "Labour Gazette"?

Mr. STARR: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): The Labour Gazette is being published now, is it not?

Mr. STARR: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): What change has been made from the former Labour Gazette?

Mr. A. H. BROWN (*Deputy Minister, Department of Labour*): That reference is only to the fact that the Labour Gazette used to be a separate vote and now the vote is included in the over-all administration.

The CHAIRMAN: If I remember, Mr. Browne, you had one delivered to you yesterday.

Mr. BROWNE (*Vancouver-Kingsway*): I did, and that is why I wondered why it was referred to as a former one.

Mr. STARR: In other words, it was dealt with as a separate item under a separate heading; now it is amalgamated with general administration.

The CHAIRMAN: Then we will take the next one, 171:

Item No. 171. To provide for expenses of the Economics and Research Branch,  
including research grants and related expenses ..... \$663,198

Mr. STARR: Mr. Mainwaring is here and I would like Mr. Mainwaring to make a brief statement before the committee. He is the acting director.

Mr. J. MAINWARING (*Acting Director Economics and Research Branch, Department of Labour*): Well, first, the economics and research branch is the central federal government agency for economic analysis and research in the labour field. Our interest is in the Canadian worker and employer in their joint problems of employment and industrial relations.

This leads us into a variety of types of study, as you will see from your organization chart. The chart is on page G. We collect information and undertake studies on topics ranging from wages, hours of work, industrial pension plans, union organization, collective agreement provisions, strikes and lockouts, industrial injuries, to such topics as employment trends, manpower resources and requirements, training needs, and the problems of special groups such as older workers, professional and technical workers, and so on.

The branch conducts regular surveys as a basis for some of this information. It also conducts occasional ad hoc surveys and it makes a good deal of use of data derived from other sources, particularly the Dominion Bureau of Statistics.

To carry out its work the branch has to maintain close consultation with employers, unions, universities and other interested groups. Consultation is often informal, through contacts maintained by branch officials, but there is also necessarily a good deal of committee and conference activity.

Senior officers of the branch are sometimes called upon to assist in the development of departmental policies. They work with representatives of other federal departments and with provincial departments. They also do a good deal of background work in connection with meetings of the ILO, and are sometimes called upon to attend meetings of that organization, either in an expert or delegate capacity. They also make a contribution to the work of OEEC and other inter-governmental organizations.

As much as possible of the branch's work is made available not only to the federal government, but to the general public. This is done through the Labour Gazette and through various regular and special reports issued by the branch.

The branch is a recognized source of information and advice on the subjects with which it deals. For example, at the request of the Gordon Commission it prepared a report, printed by the commission, on skilled and professional manpower in Canada, and also prepared working documents on immigration and the Canadian economy, on trade union links between Canada and the United States, and on comparative earnings between Canada and the United States, which was used by the commission.

The branch also responds to a good many specific requests for information from employers, unions and government agencies. Its work is of particular value to unions and management, in their collective bargaining negotiations, in that the factual information and the analysis which it presents is recognized as being balanced and objective.

I should emphasize that the branch is above all a service agency. Its work is carried on in order to be of help to the administrative work of the department, to other branches of the federal government, to other governments in Canada provincial and municipal and to unions and employers.

This information is of particular value to unions and management in their collective bargaining negotiations and with the factual information that it presents is recognized as being balanced and objective.

The work of the branch falls into two broad fields—labour-management relations and manpower, and as you can see from the chart, organizationally the branch has three divisions concerned with its program, which are:

- (1) the labour-management relations division;
- (2) the employment and labour market division; and
- (3) the manpower resources division.

Administrative services for the branch are carried on by a fourth division, office services.

Labour-management relations is the oldest area of study within the branch. Some of our statistical material in this area goes back to the turn of the century.

In recent years, as you all know, there has been a very great growth in trade unionism and collective bargaining, so much so as to strongly affect the character of our industrial life. As an illustration of this growth, I need only mention that trade union membership doubled during the war and has doubled again since. The extent of collective bargaining has increased proportionately.

Parties to collective bargaining negotiations sometimes feel they can be helpful in reaching a settlement by the use of factual information, and they often come to us for material on average wage rates and working conditions and on trends in collective bargaining. Each year there are more of them to request such information, and each year there are a larger number of collective bargaining relationships for us to study, so our work has increased.

We attempt to measure what is going on in the labour-management area in various ways—looking at the growth of trade union membership, both nationally and by industry, region and locality; and we measure also collective agreement coverage. This gives a picture of the extent of collective bargaining in the country.

We are also interested in the degree of success achieved by labour and management in negotiating their collective bargaining agreements. For many years we have had good statistics on situations where collective bargaining negotiations break down and a strike or lockout ensues. More recently, as a



result of a program undertaken in cooperation with the provincial departments of labour, we have been compiling uniform statistics on conciliation activity undertaken by various departments of labour. These, we hope, will throw light on more positive aspects of collective bargaining, since it provides information on the extent to which parties are succeeding in settling, with assistance, negotiations which had reached the dispute stage. These new conciliation statistics will also, we hope, throw light on the nature of the conciliation process and the stage in the conciliation procedure at which disputes of various kinds are being settled.

Then, looking at the results of collective bargaining, the branch maintains a file which includes copies of almost all the collective agreements which are in effect in Canada and we study the contents of a sample of these agreements, both as to wage changes and as to the incidence of particular clauses, such as seniority, grievance procedure, union security and so on.

Of course a great deal of our work goes beyond the unionized sector of industry. Our annual survey of wage rates, for example, covers some 14,000 establishments in various branches of industry. This survey provides information on the average rates being paid to people in various occupations within particular industries and areas. It also elicits information on salaries paid to office workers.

Our annual survey of working conditions goes to the same mailing list and gives us information on such matters as hours of work, length of paid vacations, number of paid holidays, and the incidence of fringe benefits, such as pensions, group hospital-medical benefit plans, supplemental unemployment benefit, plans, profit-sharing and so on.

All this information is compiled to meet government administrative needs and the needs of labour and management. We are constantly under pressure to get it out more promptly. This has led us to give a good deal of attention to improvements in our survey techniques, processing methods and methods of publication. We feel that we have made, and are making, considerable progress in this respect and it has helped us, we think, to make more effective use of our clerical staff.

I have dealt so far with the statistical and factual information which we provide. Broader analysis and research, as you will see from your chart, is provided by a separate group within the labour-management division. It is a comparatively new group and we have had some problems in acquiring and retaining properly qualified staff.

Broadly, the functions of the research group are threefold, corresponding with our three survey areas: collective bargaining, wages and working conditions.

The committee may be particularly interested in one line of study being carried on in this group. It has to do with some of the problems of older workers. We report on pension plans in relation to unemployment problems of the older worker, study the performance of older workers in a particular industry, the industry we selected being the retail trade, and we have a study under way of the way in which collective bargaining affects the problem of the older worker.

The publications of the labour-management division include four major annual reports dealing with labour organizations, strikes, wage rates and working conditions, articles for the *Labour Gazette*, including a special monthly analysis of trends in collective bargaining, and occasional special reports.

I turn now to the employment and labour market division. This division has the responsibility of keeping the government and the public informed about employment conditions. Each month we analyze the demand for and the supply of labour for Canada as a whole, as well as by region and by

industry. The division makes a continuing study of business trends to determine the reasons for current economic developments. It obtains its basic information from national employment service reports, from statistics on the work of employment offices, from statistics of the labour force and employment and payrolls emanating from the Dominion Bureau of Statistics' surveys, and then it gets information from interviews with employers and from other sources.

This division works on the monthly press release which interprets the statistics on employment and unemployment in the country as a whole and by region, and then puts out a much more detailed analysis in the *Labour Gazette* which studies the situation by local labour national area as well as by region.

You will note that in this division considerable research goes on concerned with specific topics in the manpower field. For several years research material has been provided for the government's winter employment program. The results of a survey of employers in eighteen seasonal industries were published in 1954 under the title "Seasonal Unemployment in Canada," of which more than 24,000 copies were distributed. Another fact book on Canada's seasonal unemployment problem was prepared recently for the conference on national winter employment just concluded.

Assistance is given to the Women's Bureau of the department in research of various kinds. We helped the bureau in the preparation of a handbook "Women at Work in Canada", giving a considerable number of facts on the number of working women, their earnings and the nature of their employment. We also helped with a second study, this time dealing with married women, published recently under the title "Survey of Married Women Working for Pay in Eight Canadian Cities". The demand for both these publications has been heavy. Further work concerning women's employment is continuing.

Along somewhat similar lines to the fact book on women at work in Canada is a study now close to completion dealing with the older worker in the labour force.

The manpower resources division is the second of the two divisions in the manpower field. Its function is to deal with longer-range problems in the employment area. These concern Canadian manpower supplies and requirements. Thus, while the employment and labour market division specializes mainly in current analysis, the resources division is concerned with longer-range questions.

The functions of this division are likely to be quite flexible over the years to meet changing needs for study. At the moment there are three major areas of work: professional manpower; occupational information, and training needs.

These three areas of study are, in fact, closely related. The purpose in each is to learn more about the challenge posed to our society by the great technological advances of this century, and the adequacy of our manpower resources to meet this challenge and the development of our manpower resources to meet this challenge.

Problems of professional manpower have, of course, come very much to the fore in recent years, since many people in Canada are concerned as to whether our manpower resources in the professional field will be sufficient to meet the developing needs.

In 1956 an advisory committee on professional manpower was set up, to give the Department of Labour the benefit of the views of professional associations, universities, employers' groups and others, and in our research program in this field we are trying to study the changing characteristics of our engineering and scientific manpower resources. Our work is based, in the first instance, on a register of scientific and technical personnel, which contains records of more than 75,000 persons. These records are kept up to date by a three-year

cycle survey technique in which a representative one-third of the register is surveyed each year. In this way, none of the information on hand is ever more than three years old and reliable information is secured each year for the analyses of changing trends.

The data obtained from the register are analyzed in various ways. We try to show the number of workers in various professional fields, the nature and extent of their education, the type of work they have done, the proportion who have been trained outside of Canada, and their average salaries and other professional income.

Our analyses of changes in the supply of workers in various professions also take into consideration: the number graduating each year from our colleges and universities; the immigration of professional workers; emigration to the United States; and the extent to which Canadian students go to the United States for further study and education.

This gives us a picture of the supply of professional workers and to help gauge the demand we survey employers every two years, requesting information on the numbers and kinds of professionals that they employ. They give estimates of their probable requirements over a period of two or three years, of any recruitment difficulties they may have been experiencing or anticipating and the effects that such shortages as they have had on their operations, and this material is being published in a series of bulletins called "Professional Manpower Bulletins."

Moving to the occupational analysis field we prepare a number of monographs, pamphlets and film strips which are useful for educational guidance purposes.

Our research program in the field of training of skilled and technical manpower, is one of the most recent developed in the department, and the branch participates heavily in this work. The program is being carried out in cooperation with provincial departments of labour and of education and other interested agencies. Started in 1956, and making considerable use of field studies, it is aimed, broadly, at analyzing changing requirements for skilled manpower, at determining the paths followed by workers in acquiring a skill and evaluating these in relation to changing technological developments and appraising existing training facilities.

I think, Mr. Chairman, this concludes my brief outline.

The CHAIRMAN: Thank you, Mr. Mainwaring.

Mr. STARR: I might say, Mr. Chairman, in bolstering the information here we show an increase of \$25,893,000. That is made up mostly of salary allotments and in office supplies. We have provided for the purchase of a Justo. We have not purchased it as yet, but we hope to do that to facilitate the production of the monographs and pamphlets in that department.

Mr. GRAFFTEY: Mr. Chairman, under the professional manpower section is it the opinion of the director that our professional manpower requirements of the future will have to be largely by a certain high degree of immigration; in other words, will our own natural birth rate and educational processes fill the requirements of our professional manpower needs?

Mr. BROWN: I am going to ask Mr. Francis to answer that.

Mr. J. FRANCIS (*Chief of Manpower Analysis Division, Department of Labour*): Mr. Chairman, perhaps the best way to answer that is to say that in the past ten years, that is, reaching back to the end of World War II, and actually in the past five years immigration of professional manpower has been a very substantial source of such workers to the Canadian economy. I think our feeling is, in a study we did recently for the Royal Commission on Canada's Economic Prospects that the emphasis would shift in the future



and we think we ourselves will produce a larger proportion of our needs for this type of worker if for no other reason than, as you all know, the number of young people coming forward is increasing very rapidly even now.

I do not think I can say anything more perhaps than that. That is a shift in emphasis. In the past five years we have relied quite heavily on immigration. In the future we think the emphasis will shift and we will be relying much more heavily on our own sources and our own people.

Mr. McDONALD (*Hamilton South*): Mr. Chairman, under the labour market analysis section where you have the five economic regions in Canada, immigration is coming into Canada and one section says it is going to be better next year. Is there any liaison between the Department of Labour and the Department of Citizenship and Immigration to channel these selected type immigrants to the better economic regions?

Mr. STARR: Yes, that is quite so. I have had the experience recently when I went to the international labour conference of visiting our Labour office and this Labour office is in the same group of offices as the Citizenship branch, the branch of Immigration and Citizenship. I understand it is the same everywhere in the world where we have an office, that is, the Department of Labour. We work in close liaison with the Department of Immigration in that respect.

Mr. MANDZIUK: Mr. Chairman, I was wondering in compiling these analyses if you work with the labour departments in each of the provinces?

Mr. BROWN: Yes, we have an active arrangement with a number of provinces for the compilation of certain data in which we have a common interest. It is rather limited to the compilation of statistics on industrial accidents and that sort of thing. We work very closely with them and we provide a great deal of service for these provincial departments.

We meet together yearly, there is an annual conference of administrative people in the federal and provincial departments and there are many problems that we discuss at those conferences.

Mr. GRAFFTEY: Mr. Chairman, that leads me to a question I would like to ask about. I hope I am not getting off this particular item of the estimates, but before we get into the question, I know I am speaking for myself, could we have a brief statement from one of the officials with regard to federal and provincial jurisdiction in the field of labour?

I think, Mr. Chairman, that would probably keep a lot of our questions down. I know if we could have a very brief statement from one of the officials on the jurisdictional position of the federal and provincial authorities it would shorten the time of the committee.

The CHAIRMAN: If he could do it briefly he is going to be good.

Mr. BROWN: Well, Mr. Chairman, I will be glad to make a short statement on that if you like.

Generally speaking, the major field of industrial relations is within the jurisdiction of the provinces. It comes under the head of civil rights. However, under the provisions of the British North America Act the legislative authority to regulate certain specific types of industries falls within the jurisdiction of the federal parliament.

Now, the industries which are specifically assigned to the federal field are actually set forth in our Industrial Relations and Disputes Investigation Act. They are recited there and I will just go down the list of works and undertakings.

First we have all works and undertakings carried on in connection with navigation and shipping. Then we have railways, canals, telegraphs and other works and undertakings which extend beyond the limits of provinces or connect

one province with another. Then, we have the question of interprovincial shipping which also falls in the federal field; and ferries between one province and any other province.

Then all works and undertakings and businesses in the air transportation field are federal. Radio and television broadcasting is federal. Then we have a general category—works and undertakings which, although they are wholly situated within a province are declared by the parliament of Canada to be for the general advantage of Canada, or for the advantage of two or more provinces.

Now, to give you an example of that type of situation where parliament has declared an undertaking which would otherwise be within the provincial field to be a work for the general advantage of Canada I will take you back to the time when the Canada Grain Act was first enacted and it was designed to regulate the transportation and grading of grain and that sort of thing. At that time all the grain elevators on the railway sidings and terminal elevators were declared to be works for the general advantage of Canada and consequently that declaration has had the effect of bringing them within the field of federal jurisdiction.

There are a number of isolated declarations of that type also that we have. Flour mills were declared some years ago to be works for the general advantage of Canada in connection with the operation of the Wheat Act and we have seen other instances of that nature.

That pretty generally covers the field of specific federal jurisdiction. The work we have been doing in the economics and research field, of course, is of a different category; that is a service type of operation.

The CHAIRMAN: Anything else?

Mr. McDONALD (*Hamilton South*): Mr. Chairman, Mr. Brown in his statement talked about keeping control of the students of universities who are graduating in a professional field. Could he inform us how many of these students we are losing to the United States?

Mr. FRANCIS: Mr. Chairman, I do not think I can inform you as to why but I can give you the numbers.

I can give you some figures on emigration to the United States of professional workers.

Mr. McDONALD (*Hamilton South*): Do these figures have regard to professional workers or people who have graduated from universities?

Mr. FRANCIS: Yes. I am sorry. These have regard to professional workers. Professional workers are by definition graduates from universities.

This number has increased over the last few years from about 3,000 to approximately 6,000. In 1957, the latest date for which we have data, there were approximately 6,300 emigrating to the United States. In 1956 the figure was 5,300.

Mr. CARON: Would this emigration be due mostly to the higher salaries?

Mr. FRANCIS: I think it would be very difficult to say what it is due to mostly. I think it is probably due to a range of factors, and salary would be one.

The CHAIRMAN: Perhaps this would be due to the inducement and incentive to go elsewhere.

Mr. FRANCIS: I was just going to add that the figures which I have mentioned are not the number of people who graduate each year and go to the United States. These figures cover the number of people who have graduated in any year.

Mr. McDONALD (*Hamilton South*): Would those figures apply perhaps to people who graduated from universities other than Canadian universities?

Mr. FRANCIS: That is right. Those figures could well apply to people who were trained somewhere else.

The CHAIRMAN: Have you got the reverse figures?

Mr. FRANCIS: The figures in regard to immigration, yes. The immigration of professional workers in 1957 was 16,000, as compared to the figure for emigration, which was 6,300. The immigration figures have varied much more than the emigration. In 1956 we obtained 9,000—

Mr. McDONALD (*Hamilton South*): Are those figures for the same type of person that we lost?

Mr. FRANCIS: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): Would a portion of the emigration figures include some of the immigrated persons

Mr. FRANCIS: Not immediately because the quota system which they have in the United States rates people for entry on the basis of where they were born, not the place of last residence. Even though a person came to Canada and was here for several years he would still be considered as a person from the country of his birth by the authorities in the United States.

Mr. BROWNE (*Vancouver-Kingsway*): It has been suggested that some of these professional workers come here with the idea of entering the United States from Canada.

With reference to the moneys voted to the research branch in regard to industrial relations, I hope we can be enlightened as to the cures for these disputes. The statistics which I have had available to me so far indicate that British Columbia seems to be worse off in respect of man hours lost because of strikes than the rest of the country. I am wondering if the department has reached any conclusions as to why that situation exists and what the solution to it is.

The CHAIRMAN: I think you are getting away from this item.

Mr. BROWNE (*Vancouver-Kingsway*): This question may well come under the industrial relations branch. I think Mr. Francis mentioned that—

Mr. STARR: This branch does research work for the industrial relations branch. I think probably your question could be asked when we reach the industrial relations activities item.

Mr. BROWNE (*Vancouver-Kingsway*): I am particularly interested in whether any conclusions have been reached as a result of the gathering of these statistics with regard to industrial relations and disputes.

Mr. MACINNES: That category of disputes possibly would come under provincial jurisdiction, I would imagine it would depend on the category in which the disputes are placed whether it is provincial jurisdiction or federal jurisdiction.

Mr. BROWN: That is correct.

Mr. BROWNE (*Vancouver-Kingsway*): My understanding is that these statistics are not only confined to federal disputes, but to provincial disputes as well.

Mr. BROWN: The statistical field covers both federal and provincial disputes.

Mr. BROWNE (*Vancouver-Kingsway*): In other words it would not make any difference whether the dispute was actually under provincial legislation or not, these statistics would cover that?

Mr. BROWN: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): There must be some distinction as between provincial disputes and federal disputes. I think it must be



generally agreed that British Columbia has a much higher rate of lost time than any other province. I would like to know what conclusions have been formed from these statistics in that regard.

Mr. BROWN: I would say this to begin with; the percentage of workers who are organized in British Columbia is higher than in any other part of Canada. Whether that has any relation to the percentage of man days lost, I do not know.

There is also the question that a number of these industries that are organized in British Columbia, as far as collective bargaining is concerned, are organized on an industry basis. When they have a strike it is a big one. For instance, the woods industry in British Columbia; if you have bargaining between the industrial woodworkers the whole woods industry is involved. I cannot go beyond that at the moment. I do not know whether any of the other men have information available in that regard or not.

Mr. FRANCIS: I do not think so, Mr. Brown. We published statistical information in that regard but whether it is broken down by provinces or not I do not know.

Perhaps this is just a bad year for British Columbia. I do not know whether this is a constant situation or not.

Mr. BROWNE (*Vancouver-Kingsway*): That is exactly what I was trying to find out. I wanted to know whether the department had formed any conclusions over a period of time as to whether this was constant, and whether it was going to continue to be that way.

Mr. FRANCIS: I do not have those figures with me.

Mr. GRAFFTEY: Mr. Chairman, I was wondering if in view of recent press comments, the director could inform this committee to what extent, in his opinion, action by foreign labour leaders ties up Canadian economy. We have read a lot of general press comments in that regard and I was wondering if the director could give us some information as to how this comes about.

Mr. BROWN: I think that is a speculative situation. You are asking the director of the industrial relations branch to speculate on how something might happen. I do not think we are in position to undertake that speculation, sir.

Mr. GRAFFTEY: I am not asking a question in regard to what might happen, I am asking a question in regard to what, in the opinion of many people, has already happened. Is it true that action on the part of foreign labour leaders has an effect on Canada's economy, and if so, how does it happen?

Mr. BROWN: I think all of this sort of thing is hypothetical speculation. I do not think we are in a position to provide a hypothetical reply.

The CHAIRMAN: I think you are working on an assumption there, Mr. Grafftey. I think we should get back to a consideration of these estimates.

Mr. GRAFFTEY: I think this is a very important assumption. We have heard, Mr. Chairman, that there is foreign control of Canadian labour unions. I am sure the scientific research branch of the Department of Labour has certain information in this regard.

Mr. STARR: I can say this, Mr. Chairman, that the choice of a bargaining agent is up to the people who enter into the unions. They make the choice in regard to their bargaining agents. Whatever has come about has been the result of free choice on the part of those members of the unions in regard to the people they want representing them as a bargaining agent with industry or other form of utility.

The CHAIRMAN: We are dealing with item 171. Are we finished with that item now?

Mr. STANTON: Industry is becoming more and more mechanized year by year. Is the department giving ever increasing thought to the training of our citizens to fill these vacancies?

The CHAIRMAN: Would you repeat that question again, Mr. Stanton?

Mr. STANTON: As our industries become more and more mechanized each year, is the department giving ever increasing consideration to the training of our citizens in order that they may fill these vacancies which may exist?

The CHAIRMAN: That question would come under the item dealing with the training branch.

Mr. STARR: That question comes under item 177.

The CHAIRMAN: Could we leave that question, Mr. Stanton, until we are considering item 177?

Mr. STANTON: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): Just before we leave the item dealing with economics and research, I would like to say that statistics are all very well but if we are not going to have conclusions formed as a result of these statistics, but collect the statistics and then file them away somewhere without conclusions or breakdowns, I do not see that there is much value in them as such. If there is some comprehensive report as to conclusions brought forward as a result of these statistics then I can see the value in them. If the Department of Labour is not going to be in a position to say what their conclusions are as a result of these statistics I do not see the value in them at all.

Mr. BROWN: A great many studies are carried out by this branch. These studies are based on statistical surveys and so on. The results of these studies are published in the Labour Gazette from month to month and are also published from time to time in pamphlet form. This is really a question of priority in selecting the things that can be done in the way of study with the resources which we have.

If you are interested in those studies I will be glad to furnish you with copies of studies in regard to subjects which you indicate you are interested in. If you would like I will let you have a list of some of the studies that have been published and you can look it over.

Mr. BROWNE (*Vancouver-Kingsway*): Thank you.

Item agreed to.

#### GENERAL ADMINISTRATION

Item No. 172. Annuities Act—Administration ..... \$1,178,839

Mr. BROWN: Mr. Chairman, the annuities branch administers the Government Annuities Act which has been in force since 1908. Under the provisions of that act there are two classes of annuities sold. One type is a contract entered into by individuals for the purchase of an annuity for the life of one person or two persons jointly.

The second type of annuity sold is a contract entered into by an employer for the purchase of annuities for employees, and the employer registered under the contract.

As far as the individual types of annuities that are sold are concerned, we sell two types; the immediate annuity, which is purchased with a single sum of money and which comes into effect immediately, and the other type of annuity which is purchased generally on the installment plan over a period of years.

In the last fiscal year there were between \$62 million and \$63 million received in premium income and between \$38 million and \$39 million paid out in annuities.

In regard to staff operation, we have a total of 175 employees. This represents a reduction of 37 people in the staff during the last eight years. That has been accomplished by greater mechanization in the handling of records and so on, although the volume of business handled has increased in the meantime.

I think that completes the short statement covering the operations of the branch.

Mr. MACINNIS: Mr. Chairman, in regard to the group division; in the event an individual wishes to withdraw or does withdraw from a group plan for reasons of his own, what is the attitude of the annuities branch in regard to reimbursing him for the share that he has paid into this group plan?

Mr. STARR: Mr. Chairman, under the act a person who has contributed sufficiently so that at the retirement age of 65 his pension exceeds \$10 per month then he is unable to recoup his contributions. If his contributions have not been sufficient at the age of 65 to pay him \$10 per month or \$120 per year then he is able to have his contributions refunded to him.

Mr. MACINNIS: What I had in mind at the moment was a group plan in effect where the individual himself had no say in regard to the type of plan he wished to participate in. In other words he is participating in a plan that was sanctioned and signed by the executive officers. He and some other individuals belonging to this union had no opportunity, or did not in this case sign the applications.

These individuals went along with the plan that was introduced by their executive officers but later found it was not to their liking and discontinued their payments. They have now made representations to have their contributions refunded to them.

It seems to me in this case that the union executive officers may have slipped up in that they did not have the individuals sign the necessary forms.

Mr. BROWN: The annuities administration of the act has always operated under the provisions of the act as a savings plan. That is really the justification for the plan. It is a plan of systematic savings. There never has been a cash surrender feature in regard to government annuities. That is the major distinguishing feature between government annuities and those annuities which are sold by private commercial firms.

However, your employers who wish to underwrite an annuity contract have to make a choice as to whether they are willing to purchase a government annuity without a cash surrender feature or an annuity with a cash surrender feature, in which case they must go to a commercial firm.

In order to reinforce the provisions of the Government Annuities Act, which as I say provides for systematic savings and does not make provision for cash surrender feature, there is provision in the act which protects the equity of a purchaser of an annuity from seizure or assignment. There is a provision in the act which says any effects or interest under that act are not subject to transfer either in law or in equity.

I do not think you can introduce into this act a cash surrender feature while at the same time having the provision there which protects the moneys against seizure. There would be an inconsistency then.

Mr. BROWNE (*Vancouver-Kingsway*): I understand that but while these individuals are willing to place a certain amount of responsibility on their union executives, is there not a certain responsibility on the part of the annuities branch to see that individuals applying to any group must first sign an application form, or at least sign some form showing their willingness to participate in that group plan?

In other words, we have a group of men here that at no time signed any type of agreement but are now covered under a blanket policy signed



by their executive officers. They find the plan is not to their liking, and through no fault of their own they find it is not advantageous to them and have ceased to participate in it. Where does the responsibility in this respect belong? Does it belong entirely with the executive officers, or does a portion of that responsibility belong to the annuities branch so that that branch could make sure the individuals agreed to the plan in writing in the first place?

I know that at no time did they give their executive officers any signing power. I believe the individual must have some authority.

Mr. J. G. FLETCHER (*Actuary, Annuities Branch, Department of Labour*): Gentlemen, the general practice of the annuities branch is not to issue any annuity without the consent of the annuitant. Therefore I am at a loss to understand this particular situation where the union has undertaken to purchase annuities for sundry members without the consent of those members.

I think in order to answer the question we would have to have the name of this case and an opportunity to look into the particulars.

Mr. McDONALD (*Hamilton South*): Would it be possible, sir, for this union to type up their own application form, inserting the application form in part of this pension plan so that the government annuities branch could have their people sign this? Does the government annuities branch insist upon individuals signing an application to the government annuities branch?

Mr. FLETCHER: Yes, we do.

Mr. STARR: May I suggest, Mr. Chairman, that if Mr. MacInnis knows of a particular instance of this happening, that he bring it to the attention of Mr. McCord, the head of the annuities branch in order that we may look into the situation.

Incidentally, this is not the practice which the annuities branch follows.

Mr. MACINNIS: Yes, I will take it up with the branch.

Mr. PETERS: In regard to this matter of group plans, are those plans signed solely with the union, or is the company involved? Would the company not be involved?

Mr. BROWN: The employer is involved, yes.

Mr. STARR: It is an employer-employee participation plan.

Mr. PETERS: The union actually does not enter into this particular field.

Mr. McDONALD (*Hamilton South*): Almost in every instance, if collective bargaining is involved, the union enters this field.

Mr. MACINNIS: Is it not possible to have two-way participation plans, or three-way participation plans?

Mr. BROWN: You can have two-way participation plans or one-way participation plans which may be underwritten solely by the employer, or it may be a contributory plan between the employer and the employees.

Mr. PETERS: Is it not true, Mr. Chairman, that you cannot have a three-way plan? A union cannot enter into this type of plan; the employer would have to enter into it with the employee.

Mr. BROWN: The actual group contract is between the department and the employer based on an agreement between the employer and the employee. In other words it may come as a result of an agreement arrived at by collective bargaining by the union and the employer.

There are, of course, plenty of group contracts which are underwritten by a trusted plan where the union and the company name trustees. You may have joint administration. However, that type of undertaking is something in which the government annuities branch is not a party.

Mr. PETERS: Mr. Chairman, on this matter, is it not true that the only place a union can enter into agreement with the annuities branch of the federal government would be when they were an employer in their own right?

Mr. BROWN: That is correct.

Mr. MACINNIS: It boils down to this; when you are doing business with a group of employees numbering perhaps in the thousands, you do business not with the individuals but with the union representatives who are the bargaining agents for the employees of that company. The company, the individuals and the annuities branch are involved in a transaction of that type.

Mr. BROWN: Our contract is formed with the employer in order to give effect to a pension plan which is worked out by agreement between the employer and the employee. In that plan the agreement is one which has been worked out by negotiation between the employer and the union.

Item agreed to.

Supplementary items 571 and 572 agreed to.

Item No. 173. Industrial Relations activities, including the administration of the Industrial Relations and Disputes Investigation Act, the Canada Fair Employment Practices Act, the Female Employees Equal Pay Act, the Fair Wages and Hours of Labour Act, and Regulations, and the promotion of labour-management co-operation \$593,133

Mr. STARR: I will ask Mr. Bernard Wilson to make a statement in that regard.

Mr. Bernard WILSON (*Director, Industrial Relations Branch, Department of Labour*): Mr. Chairman, and gentlemen, the industrial relations branch has a great many duties and responsibilities. This branch performs a great many functions some of which are as old as, or older, than the Department of Labour, and some of which are relatively new. I will not take up your time by telling you what we do or what each specific function is.

You will see in the left-hand corner of the chart that we administer various existing labour acts. We also have a very important advisory and liaison function through labour, management, government departments and the general public in the matter of labour relations.

Under the Industrial Relations and Disputes Investigation Act, of course, we appoint conciliation officers and conciliation boards and industrial inquiry commissioners to deal with disputes which are within federal jurisdiction as distinct from those which are within provincial jurisdiction. We administer the Fair Wages and Hours of Labour Act which specifies the labour standards which will go into government contracts for construction, supplies and equipment. In connection with all those functions there are a great many subsidiary duties and responsibilities that we undertake. We administer the Female Employees' Equal Pay Act the federal Annual Vacations Act and we also share in the work of government departments and make recommendations on the rates of pay which will be given to government employees who are employed on a prevailing rate basis.

We do the administrative work for the Canada Labour Relations Board which, as you know, certifies bargaining agents to represent units of employees. It also has a number of other functions.

Looking over the chart you will see there that we also have the labour-management cooperation division, which is not based on any specific legislation but which is government policy, and under which the department and the branch encourages the formation of labour-management joint consultation committees.

I think, sir, that is the statement.

The CHAIRMAN: Thank you, Mr. Wilson. Does anyone wish to ask any questions?

Mr. GRAFFTEY: Mr. Chairman, I feel myself—this is just a personal opinion—at times the labour movement as such is out of sympathy with the actual labourer himself. Mr. MacInnis' question on the annuities branch has pos-

sibly brought that up. Does the assistant deputy minister feel that improvements in certification procedures might bring the labour movement into closer and better harmony?

Mr. WILSON: Just what would you mean by "improvements in certification procedures"?

Mr. GRAFFTEY: Do you feel, sir, that certification procedures as they exist today tend to create a state of affairs whereby union officers and union officials do not actually represent the true certification of the rank and file in various industries?

Mr. WILSON: That depends on your labour relations board. Your labour relations board is charged with the first job of seeing that the bargaining agent is properly chosen and if the evidence discloses—and I think the labour relations board is careful about that—if the evidence discloses that it is not just does not get certified.

Mr. GRAFFTEY: Is it hard to get conclusive evidence?

Mr. WILSON: Oh, no, the labour relations board scrutinizes original payroll records of the employees and their union membership, signed applications of the employees.

Mr. MACINNIS: Sometimes to the extent of 70 per cent?

Mr. WILSON: Well, of course, where there is a doubt a vote is possible, but in many cases where you get membership in good standing in support of an application or certification, that is, in support of bargaining agent it is not conclusive in itself without taking a vote. Where it approaches the 50 per cent just on the line on which it must establish itself, then the labour relations board usually will order a vote. It is just done by an employee marking his ballot whether he wants a particular bargaining agent to represent him or not. Then the department appoints returning officers to see that it is a representative vote.

Mr. GRAFFTEY: He does not have too much of a choice, does he?

Mr. WILSON: He can answer yes or no. He has to cast an ordinary ballot. The question is: "Do you wish such and such an organization to bargain collectively with your employer?" And the ballot holds the words "Yes" and "No" and he must make an X opposite his choice like in any other election. Where there are two unions concerned, of course, he has a choice.

Mr. MACINNIS: In many cases it is under provincial jurisdiction?

Mr. WILSON: Our jurisdiction in the federal field is about 500,000 employees so that collectively the ten provinces are much larger numerically and, of course, they have a different type of jurisdiction too to ours. Ours is in what you might call the interprovincial or international transportation and communications field primarily, of course, as Mr. Brown explained—airlines and other operations as well, works for the general advantage of Canada.

Mr. PETERS: Mr. Chairman, what would be the justification for putting the uranium mines under federal jurisdiction and to what extent has that been applied?

Mr. WILSON: We did not do it, parliament did it. That was declared to be a work or undertaking to the general advantage of Canada.

Mr. BROWN: Perhaps I can supplement that by saying that uranium was regarded as a strategic material and when they established the Atomic Energy Control Board which had complete authority over the output of uranium, one of the incidental parts of that legislation and really the basic part of the legislation was this declaration which declared these uranium operations both



in the mining and extracting stage and in the stage to be to the general advantage of Canada. This was all operated under the Atomic Energy Control Board.

Mr. PETERS: Following that up what is the reason for many of these certifications being granted by a provincial government after that, after the setting up of the atomic commission? I am wondering why this change was made about a year ago where many of the mines had to be recertified under federal jurisdiction and yet that jurisdiction has now to all intents and purposes been returned to the provincial government?

Mr. BROWN: It is a matter for the provincial board to determine whether it is going to accept an application for certification, whether it feels it has jurisdiction to accept it, and my impression is that provincial boards were accepting these applications for certification on all types of operations over a period of time and did not weigh the question on the point of jurisdiction. It was only a couple of years ago the question of jurisdiction was raised before one of the provincial boards and the thing went to court and the court's decision which clarified the situation was then handed down.

Mr. PETERS: Well, Mr. Chairman, to what extent does the federal industrial relations branch handle the certifications which are now under their jurisdiction?

Mr. BROWN: The board accepts them and deals with them.

Mr. PETERS: Well, Mr. Chairman, I would like to know to what extent because it is quite an important matter at the present time in regard to their certification and also the operation of those certifications, and I understand they revert back to the provincial government after the certification?

Mr. BROWN: That is not correct.

Mr. PETERS: Then, is the federal industrial relations board responsible for those certifications at the present time?

Mr. BROWN: All those that come to the board, yes.

Mr. PETERS: And a conciliation board required, is that set up by federal or provincial?

Mr. WILSON: We have had a number of boards established to deal with uranium operations.

Mr. PETERS: Are those officers of the provinces?

Mr. WILSON: No, we are dealing almost exclusively now with uranium operations. At times, as Mr. Brown said, the provinces had a doubt about their jurisdiction and they exercised jurisdiction, but that situation does not exist now, to my knowledge. The unions active in the uranium mining industry and the employers all know we have jurisdiction because of the court's decision which was given in the Ontario Supreme Court and they come to us. We have procedures now on our books affecting the uranium mining industry, not only mining but refining.

Mr. GRAFFTEY: Mr. Chairman, maybe this question is best asked under the item of economics and research, but I hope I will not be precluded here. Are you in possession, sir, of any statistics which would show to what percentage our union labour is controlled domestically and what percentage is controlled internationally?

Mr. WILSON: I think the proportion is 75-25, 75 per cent in international unions as opposed to 25 per cent in Canadian trade unions. That is, national organizations.

Mr. GRAFFTEY: Of course, sir, in the international aspect the degree of control in each instance is not always the same?

Mr. WILSON: Well, it depends on the organization, but our experience is that more and more the Canadian officers of international trade unions are exercising control.

Mr. GRAFFTEY: I want to make one thing clear, Mr. Chairman; I am talking about all unionized labour in the country, not just those that fall under federal jurisdiction.

Mr. WILSON: I am talking about the same thing.

Mr. STARR: I wonder if in this field Mr. Cushing, who has had vast experience, could say a word? He is prepared to do that.

Mr. GORDON CUSHING (*Assistant Deputy Minister of Labour*): Well, Mr. Chairman, Mr. Minister and gentlemen, I do not know just what the member meant by the word "controlled." I agree with what Mr. Wilson has said that certainly there is a growing emphasis actually quite rapidly over the last few years on Canadian management of the membership of international unions. I think I can give you examples which would indicate that trend.

Up until a very few years ago the former American Federation of Labour had a rather large organization staff in Canada. With the merging of the two national trade union centres in Canada that complete organizing staff was taken over by the Canadian Labour Congress, and with the merging in the United States of their two national trade union centres they withdrew all their organizing activities from Canada. So that in the international picture there was a clear line of demarcation between the two national trade union centres and it has been made explicitly clear at any rate in 1956 at the convention in Toronto by the president of the American Federation of Labour, Mr. George Meany that as far as he was concerned Canada was an autonomous trade union centre and would conduct its own affairs.

In the individual international unions you have seen a growth in the last few years of such Canadian operations under various terms—some call them Canadian conferences, some call them Canadian districts, some call them policy committees and so on. As such I could refer to the United Steelworkers Union who have now a Canadian district, also a national convention each year to set their as far as their Canadian membership is concerned.

The United Automobile Workers carries out the same performance. They hold what they call policy conferences and establish policy for their Canadian membership. Certainly there are visits from the officials of many of the international unions, who are predominantly United States citizens, to Canada. You might say a lot of those are good will missions. They come to see the membership that is in Canada and also there are visits from Canadian officials to United States units.

Also, during this last year, in May or the last week of April, an organization that has received a lot of publicity in Canada, the International Brotherhood of Teamsters established what they call a Canadian conference. Their first meeting was held at Winnipeg at the time of the second constitutional convention of the Canadian Congress of Labour and they too are an organization which predominantly sets the policy for their Canadian membership.

I think, reading the Canadian press, that might not be the presumption of all the public, but in essence this is what takes place. Mr. Dodds, who is a resident of Windsor, is the chairman of that Canadian conference at this moment.

I could go on and give you other examples but I think that is pretty well the growth, and certainly if you want to go back in history many, many years ago the former American Federation of Labour used to make a grant of money each year to assist the former Trades and Labour Congress in Canada for legislative purposes. That is how much domination there was at

that time, but that has gradually corrected itself and, as I say, I think the most complete separation was two years ago when on the merger of these two international trade union centres the United States national trade union centre completely withdrew itself from Canada and have gone on record publicly as saying as far as they were concerned the Canadian Congress of Labour is an autonomous national trade union centre operating in Canada.

The CHAIRMAN: I think what is bothering some of the members is, could you give an explanation as to the recent newspaper comments about Hoffa and his present relationship with the trusteeship of unions? Can you give us the details of how that affects us, or does it affect us?

Mr. CUSHING: Well, an international union, be it the International Brotherhood of Teamsters whose president is Mr. Hoffa or any other international union quite naturally hold international conventions and overall policies for that international union are established at that convention. Certainly at this moment in a number of those international unions the United States membership is considerably larger than the Canadian membership, and in many cases as a result policy that the Canadian membership might not be very happy with is adopted by that international union.

This other situation that has developed over the last few years of setting up Canadian conferences or Canadian districts wherein the American membership by itself states its own policy has more or less withdrawn the Canadian membership away from the international union, slightly certainly, not completely in all cases, but slightly.

The CHAIRMAN: You mean the policy is they hope to eventually get it under complete control, that is what they are working for?

Mr. CUSHING: I do not know, you are asking for a prediction. I do not know if the day will ever come when Canada will have its own national organizations in every field.

Certainly there are some, of course. The Canadian Brotherhood of Railway Employees and other transportation workers in the transportation field is the largest one under federal jurisdiction and the largest national organization in Canada, and the fifth largest as far as both international and national are concerned and there has been a growing tendency for Canadian membership of international unions to establish their own operations here in Canada. How long it would take or whether this will ever take place I do not know at this moment.

Mr. MACINNIS: On the question of international unions, what controls are applied to the funds, if any?

Mr. CUSHING: I would say in 99 per cent of the cases now, the funds of Canadian memberships are deposited in Canada and handled by a Canadian committee. I think I can refer again to the United Steelworkers which might be an example.

Mr. MACINNIS: If you do not mind my interjecting I am more interested in that one per cent.

Mr. CUSHING: I think you would find that one per cent are relatively small organizations in membership.

Mr. MACINNIS: Who today are sending a portion of their union funds into the United States?

Mr. CUSHING: Right. I think I can give you an example of that. The International Plate Printers organization did have two locals in Canada, both right here in Ottawa, the British American Bank Note Company and the Canadian Bank Note Company. I think their total membership in Canada is less than 100.

They have not the facilities to establish a Canadian organization as yet and these are the type of organizations that constitute that one per cent. But



your larger organizations where your membership is now running into many thousands, you will find that they have pretty well a wholly Canadian operation.

Mind you, for bookkeeping purposes and so on, their reports each month and their cheques might go to the United States locale for entering purposes but then the cheques are returned to Canada and deposited in Canada and a lot of the international unions have been investing their surplus money in government of Canada bonds.

Mr. GRAFFTEY: Mr. Chairman, from those statements as we all know, whether it is factual or not, from press reports and the general tenor of the whole thing, the public has this idea that possibly a man sitting in Washington or any place in the United States can make a union decision which could tie up operations in Canada.

Now, I am not saying that is right or wrong but we see allegations to that effect. From your statement generally speaking would you say this could not happen?

Mr. CUSHING: Well, I think history will indicate that. There has been the odd occasion of threatened strikes in Canada when labour relations in the same company and the same union have been defective in the United States, but I do not think it has actually taken place. I think the best example there to refer to is the automobile industry where the collective bargaining in the United States and the collective bargaining in Canada are separate and apart from each other and I do not think Canadian membership at any time has gone on strike in sympathy with something that is done in the United States. So that while this may be the general indication in the press of the country, there is no history that has borne that out.

Mr. MACINNIS: Is there any restriction placed on these investments by international unions in Canada whereby at a future date they would be unable to remove any of these funds from this country, in other words, suppose an international union had a certain amount of money banked in a Canadian industry or any amount of money invested in bonds or any investment whatsoever, is there anything to prevent them from coming in as an international union and removing these funds?

Mr. CUSHING: Not to my knowledge. The officers of the union are solely responsible for the finances of the union and if they find themselves in financial difficulty, I presume quite naturally they could come in and take that money out if they needed it.

Mr. MACINNIS: In other words, it boils down to this that these international unions will find themselves in a position whereby a certain portion of their union funds each and every month, or whatever period of time they use for payments, that might come in, can go across in the United States on the wishes of the international union?

Mr. CUSHING: That is correct. I suppose this could be said, and conversely so. On many occasions the international headquarters have had to put money into Canada to keep the Canadian operations going.

Mr. MACINNIS: And in some cases it has been draining back quite steadily?

Mr. CUSHING: That might be so and I refer to the Canadian automobile workers strike about five years ago when they had a very serious strike at General Motors and the Canadian operation went bankrupt and their international had to give them a very good deal of assistance at that time.

Mr. MACINNIS: But I can also state cases where in the event of a strike the international have seen fit to throw in a certain amount of support and once the strike has been over they place a levy on their members in addition to their regular fee to recover that money.

Mr. CUSHING: That is quite correct.

The CHAIRMAN: Gentlemen, can we finish this item, it is getting near time to close.

Mr. GRAFFTEY: Mr. Chairman, I think we are on a very important item.

The CHAIRMAN: It may be you can get some more information about this. Can you get any more than you have already had?

Mr. MACINNIS: I have a couple more questions.

The CHAIRMAN: Then if you cannot finish the item now, I would like to settle the matter of the next meeting which will be on Wednesday; but to get on with this we would like to have two meetings next week. The first Wednesday and the next Friday morning both at 9 o'clock because we have to be in the house at 11 o'clock. Would that be satisfactory to the committee?

Mr. GRAFFTEY: That is all right with me.

The CHAIRMAN: Then it will be next Wednesday and Friday mornings.

The committee adjourned.















Gov. Rep. Canada. Industrial Relations Committee  
1958

( HOUSE OF COMMONS

First Session—Twenty-fourth Parliament

1958 )

STANDING COMMITTEE

ON

**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

DEPARTMENT OF LABOUR ESTIMATES, 1958-59

WEDNESDAY, JULY 23, 1958

WITNESSES

Hon. Michael Starr, Minister of Labour; Mr. A. H. Brown, Deputy Minister of Labour; Mr. G. C. Cushing, Assistant Deputy Minister of Labour; Mr. B. Wilson, Director of Industrial Relations; Mr. J. Mainwaring, Acting Director of Economics and Research Branch; Mr. Ian Campbell, National Co-Ordinator Civilian Rehabilitation; Mr. W. W. Dawson, Director of Special Services; Mr. C. R. Ford, Director of Vocational Training; *and from the Unemployment Insurance Commission:* Mr. J. G. Bisson, Chief Commissioner; Mr. W. K. Rutherford, Director of Administration; Mr. W. Thomson, Director for Employment Service and Mr. J. McGregor, Director of Insurance.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1958

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ON  
INDUSTRIAL RELATIONS

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*Vice-Chairman:* T. Ricard, Esq.,

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Grafftey,  
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Muir (*Cape Breton North  
and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Skoreyko,  
Smith (*Winnipeg North*),  
Spencer,  
Stanton,  
Weichel—35.

M. Slack,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

WEDNESDAY, July 23, 1958.

(3)

The Standing Committee on Industrial Relations met at 9.10 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Allmark, Beech, Benidickson, Brown (*Vancouver Kingsway*), Caron, Cooper, English, Grafftey, Houck, Lahaye, MacInnis, MacLean (*Winnipeg North Centre*), Mandziuk, Martin (*Essex East*), Martini, McDonald (*Hamilton South*), Mitchell, Muir, (*Cape Breton North and Victoria*), Peters, Pigeon, Ricard, Small, Spencer, Stanton.—24.

*In attendance:* The Honourable Michael Starr, Minister of Labour; *From the Department of Labour:* Messrs. A. H. Brown, Deputy Minister; G. C. Cushing, Assistant Deputy Minister; B. Wilson, Director of Industrial Relations; J. Mainwaring, Acting Director of Economics and Research Branch; G. Schonning, Economics Research Branch; G. G. Greene, Director of Government Employees Compensation; S. Leeson, Assistant Director of Government Employees Compensation; Mr. J. Francis, Economics Research; C. R. Ford, Director of Vocational Training; Ian Campbell, National Co-Ordinator Civilian Rehabilitation; A. L. MacDonald, Special Services Branch; W. W. Dawson, Director of Special Services; and Mr. G. G. Blackburn, Director of Information.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; W. Thomson, Director for Employment Service; W. K. Rutherford, Director of Administration and J. McGregor, Director of Insurance.

The Committee resumed its consideration of the 1958-59 Estimates of the Department of Labour.

Item 173—Industrial Relations Activities—was further considered and adopted.

Item 174—Civilian Rehabilitation Branch—was called and Mr. Ian Campbell having been introduced to the members of the Committee, was questioned.

Item 174 was adopted.

Item 175—Special Services—to provide for the expenses of the Special Services Branch—was called, and Mr. W. W. Dawson having been introduced to the members of the Committee was questioned.

Item 175 was adopted.

Item 176—Vocational Training Co-ordination—Administration—and Item 177—to provide for carrying out the purposes of the Vocational Training Co-ordination Act—were called and Messrs. C. R. Ford and I. Campbell were questioned.

Items 176 and 177 were adopted.

Item 178—Government Employees Compensation—Administration of the Government Employees Compensation Act—was called and Messrs. Starr, Brown and Green questioned.

Item 178 was adopted.

Item 179—Unemployment Insurance Commission—Administration of the Unemployment Insurance Act—was called.

Copies of a document "Comparative Table of Estimates and Organization Charts Unemployment Insurance Commission" were distributed to the members of the Committee.

Mr. Bisson read a detailed brief on the operations of the Unemployment Insurance Commission and was questioned. Mr. Starr, Mr. Rutherford, Mr. McGregor and Mr. Thomson also answered questions.

Item 179 was adopted.

Item 573 (Supplementary)—Unemployment Insurance Commission—Administration of the Unemployment Insurance Act—was called and adopted.

At 11.10 a.m. the Committee adjourned until 9.00 a.m. Friday, July 25, 1958.

M. Slack,  
*Clerk of the Committee.*

## EVIDENCE

The CHAIRMAN: Gentlemen, we have a quorum. We left off at item 173. I think Mr. Grafftey and Mr. Peters wanted to ask some questions. Does anyone else have any questions? We were at 173 and we could not carry it because there were some more questions to be asked at the last session. Has anyone any question to ask?

Is the item agreed to?

Mr. PETERS: Mr. Chairman, before it does, is that the section where we can discuss the safety in the uranium mines?

The CHAIRMAN: Well, it has to do with industrial relations disputes. Yes, it can come under that. It has to do with the operation of unions etc. I think I understand at the last session that was what you were concerned about, whether the federal authorities or the provincial authorities had jurisdiction. Is there anything you want to ask?

Mr. PETERS: Could we have a report from the inspectors if we have any on that situation?

Mr. BERNARD WILSON (*Director of Industrial Relations, and Chief Executive Officer of the Canadian Labour Relations Board*): Well, the Industrial Relations Branch does not administer any legislation that has directly to do with safety in any federal industry.

That would be a matter I suppose, of new legislation in the future. There are some divisions of government though, that do have jurisdiction with respect to safety in various federal industries, for instance, the Board of Transport Commissioners and the Department of Transport with respect to steamship and road safety. Then, I think the Department of Mines and Technical Surveys do exercise some jurisdiction over safety with respect to the transportation of explosives. But the matter that the hon. member has introduced is one now which is presently being administered—whether they have jurisdiction or not I would not say—by the Ontario government and its department of safety.

Mr. A. H. BROWN (*Deputy Minister of Labour*): I can amplify that, I think. The Atomic Energy Control Board issues licenses to uranium mine operators and one of the conditions of those licenses is the undertaking of the mining companies to comply with the provisions of the provincial mining safety regulations. I think the member probably has an interest in mining operations in Ontario.

The provincial mining safety regulations are applied to those uranium mines by the provincial department of mines.

Mr. PETERS: Well, does the federal government do any investigating on their own behalf into the investigations that are now taking place into safety conditions, for instance, in the Blind river area?

Mr. BROWN: No, there is a special mining investigation being undertaken by the provincial department of mines, by the inspector of mines for the province of Ontario.

Mr. BENDICKSON: What about safety regulations and safety precautions in a crown company such as the Chalk River organization, is that provincial?

Mr. BROWN: That is under federal jurisdiction. We have in our government employees compensation branch an officer whose duty it is to promote



safety conditions in the public service and crown companies. As far as the operation up in Chalk River is concerned they have a very good safety set up up there with a safety officer and advisory council.

Mr. BENIDICKSON: Do you say one man does that in the federal service?

Mr. BROWN: We have a man whose job is involved in the promotion of safety. As far as the crown companies are concerned my understanding is that they comply with the provisions of the provincial safety regulations.

Mr. PETERS: Mr. Chairman, what is the relationship of federal government inspectors which you have in the labour department regarding the Northwest Territories, Yellowknife and the uranium properties there?

Mr. BROWN: Well, the question of mining safety in the Northwest Territories is under the territorial council, the territorial administration of the Northwest Territories. They have their own local ordinances and provisions up there.

Mr. HOUCK: Are accidents increasing or decreasing? Do you have any idea?

Mr. BROWN: I will ask Mr. Mainwaring. You mean in general?

Mr. HOUCK: In general, yes.

Mr. J. MAINWARING (*Chief of Research, Acting Director, Department of Labour*): We have not any statistics unless Mr. Green has them for the uranium industry.

Mr. BROWN: This was generally.

Mr. MAINWARING: I would have to look up the figures on that. I can get you the information fairly quickly.

Mr. PETERS: Mr. Chairman, in view of the fact that the federal government assumes the responsibility for this jurisdiction in the labour field, is legislation contemplated to allow the federal government to administer the complete certification in relevant fields under that jurisdiction?

Hon. MICHAEL STARR (*Minister of Labour*): At the moment to my knowledge there are no plans for any assumption of jurisdiction in that field. The provinces have been administering the safety of all these mines and evidently they have been doing a pretty fair job. Whenever this has occurred we have brought it to their attention and there seems to be no particular reason at the moment for the federal government to enter that field.

After all, we do only have a number of specific types of mines under our federal jurisdiction.

The CHAIRMAN: Does that answer your question? Are there any further question?

Mr. PETERS: Could I ask the minister if there is any intention of bringing the gold mining industry under federal jurisdiction for a similar reason that uranium companies were brought under federal jurisdiction, for the sale of the end product?

Mr. STARR: No, there are no plans to do that at all at the moment.

The CHAIRMAN: Anything else?

Mr. CARON: I see a reduction in the item about seasonal unemployment. Is there something new now added to that program this year?

Mr. McDONALD (*Hamilton South*): What page are you on?

Mr. CARON: It is combating seasonal unemployment.

Mr. STARR: We are still on industrial relations.

Mr. CARON: Excuse me.

The CHAIRMAN: Shall the item carry?

Mr. GRAFFTEY: I have a couple more questions I should like to ask Mr. Cushing following up the last meeting if I may?

The CHAIRMAN: Yes, very well.

Mr. GRAFFTEY: Mr. Chairman, I was wondering if in view of our discussion here last week regarding the matter of influence of American labour unions, could Mr. Cushing explain how he finds at least a press report of Mr. Hoffa's actions, how does that coincide with the remarks that were made last week regarding the lack of control by American labour unions in our own system?

At least in Friday's press report it had Mr. Hoffa dismissing one of our labour leaders. No doubt it was a very superficial treatment of the whole thing but I think we should have an explanation of the background there.

The CHAIRMAN: I do not know whether Mr. Cushing can answer that, it is not quite pertinent.

Mr. GORDON CUSHING (*Assistant Deputy Minister of Labour*): Well, I gather that the hon. member is referring to the Toronto situation in one of the teamsters' unions. There is a long history to that particular dispute between the local officers of that union and their international headquarters. As a result at elections about a year ago some of the officers were changed and you will notice in that press report that the president of that particular union now is a chap from Oshawa, and I think the report also indicated that while the majority of the executive of that particular local was still supporting Mr. Mills, the suspended member, the president of the local in his good judgment or otherwise had set up a trial committee within the local union and that committee had held a trial of the individual. They had brought down a report and while the press report does not indicate that was the basis on which Mr. Hoffa made his decision, it must be presumed that he had some direction or some report from the individual local union.

It must also be borne in mind that there is only one president for the international union and he must accept his responsibilities of office and presuming in this case that he received the report and the recommendation from the trial committee of the local union, he presumably acted on that recommendation and report.

Now, it is rather hard to pick all that out in the press story, but it is indicated in the press story that there was a trial committee within the local union.

Mr. McDONALD (*Hamilton South*): Would that be a trial committee of elected members of the union?

Mr. CUSHING: Of the individual local union, yes.

Mr. BENIDICKSON: Are there any members of that union engaged on rail-roading or federal enterprises?

Mr. CUSHING: That particular local, not to my knowledge. That is a building and construction union in Toronto who at one stage had all of the ready-mix cement drivers and building supply drivers and that type of membership and I think that local is still entirely composed of that type of membership with the exception of the ready-mix cement drivers who about two years ago split away from that individual local union, and established their own.

Mr. CARON: The express service for the railways, are they with the railroad unions?

Mr. CUSHING: No. In some cases, well, in most cases, they do belong to the teamsters international union. In other cases they belong to the Canadian Brotherhood of Railway Employees and Other Transport Workers. I think the division as between the two major railroads is that the employees of the Canadian National Railway belong mostly to the Canadian Brotherhood of

Railway Employees and Other Transportation Workers and the employees of the Canadian Pacific Railway belong to either the Brotherhood of Railway Clerks union or the Teamsters union.

Mr. HOUCK: Did you say the president of that union you were talking about was from Oshawa?

Mr. CUSHING: The president of this individual local, yes. I think his name is McDougall.

Mr. HOUCK: Is that going to be a matter of policy now that all our labour leaders come from Oshawa?

Mr. McDONALD (*Hamilton South*): That is a political question.

The CHAIRMAN: Are there any further questions? Shall the item carry?

Agreed to.

Item No. 174. Civilian Rehabilitation Branch, including payments to the Provinces to implement a program for the rehabilitation of disabled persons, in accordance with terms and conditions approved by the Governor in Council.... \$197,035

Mr. STARR: Mr. Chairman, we have Mr. Ian Campbell with us, the director of this branch to introduce this item.

Mr. IAN CAMPBELL (*Director, Civilian Rehabilitation Branch, Department of Labour*): In this program we are concerned with the fact that according to the Canadian sickness survey of 1951 there was at that time one million Canadians under a substantial degree of critical disability. At that time they said that half of this number was seriously or totally disabled and that 650,000 of that group were of working age, although only 50,000 of those were employed.

Further, we know from the experience of the Department of Labour, labour force studies and from the provincial workmen's compensation boards and the work of many of our voluntary agencies that given additional medical treatment, given training and development in skills it is possible, if placed in suitable employment many of them can be productive citizens.

This program is concerned then with tying together at the federal level the work done by the Department of National Health and Welfare, the Unemployment Insurance Commissions, and the vocational training people and the Department of Labour tie all these groups together to make sure that the services they offer are in the overall concept of the legislation.

Secondly, we work with the provinces to assist them to develop their programs. It is a comparatively young program. The money was first voted for this purpose in 1953. Between 1953 and 1955 we have been giving support to the provinces to cover the coordination of rehabilitation services. They have been going through an organizational period.

However, in most of the provinces they have established administrative procedures and we are beginning to get facts that illustrate the value of this program.

It is difficult to get figures on a program of this type where at the local level you are involved in several departments of government and with a number of voluntary agencies. However, last year they did supply us with full details on 1055 cases. This is not the people that were served, but this is the number on which we have full details. Of these 1055 people, of that number, 831 had been on public assistance or had been dependent upon their families for support and the group had 820 dependants.

Given medical treatment, training, or whatever service they needed, they are all now working and against the cost for maintenance of \$948,000 during the first year of employment, they will earn \$1,860,000.

We are working towards a goal of 7,000 or 8,000 similar cases a year and I think we will reach that within a few years because all the provinces are just beginning to get going.



The increase in the estimates this year is based on the fact that the provinces have anticipated spending more money in this area than previously and we have added two new people to our staff who will be concerned chiefly with the problem of older workers.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I wonder if we could be told how you work with the provinces. Is there a sharing arrangement for each case? Is there money put into it from both governments? I was thinking, for instance, of the ones that come under the compensation board in the province. Would we pay part of that cost?

Mr. CAMPBELL: No, that entire cost is borne by industry as assessment against payroll.

We are not concerned with them but we are working very closely with them. We share with the provinces the cost of people whose job is to coordinate services on provincial levels. They bring together the services offered by the Department of Health and Welfare and Department of Labour and try to work out on a regional basis a cooperative program of work with voluntary workers to get services to people there, health services and to supply money for the training of medical staff and the extension of rehabilitation services of these hospitals and rehabilitation centres.

Through the Vocational Training Coordination Act we share with the provinces the cost of the training of disabled people.

Mr. McDONALD (*Hamilton South*): What type of disabled people are you talking about?

Mr. CAMPBELL: We are talking about adults.

Mr. McDONALD (*Hamilton South*): Who have worked before?

Mr. CAMPBELL: No, not necessarily. Actually of this group I am talking about now 200 had never worked before.

Mr. McDONALD (*Hamilton South*): In these 200 people would there be some people who had been afflicted since birth?

Mr. CAMPBELL: Yes.

Mr. McDONALD (*Hamilton South*): Is there any attempt to get any of these people at earlier stages rather than wait until they are adults?

Mr. CAMPBELL: There are many programs for crippled children. One of the things we are discussing through the provinces is an adequate means of making sure when a crippled child becomes an adult he is referred to this program.

Mr. McDONALD (*Hamilton South*): Isn't it the responsibility of the provincial governments to look after this type of program with the crippled children or is it the responsibility of the federal government?

Mr. CAMPBELL: It is the responsibility of the provincial governments but there are grants to assist the provinces.

Mr. McDONALD (*Hamilton South*): Are these grants to enable the provinces to hire people to start certain programs in places like service clubs etc?

Mr. CAMPBELL: That is one of the things that can be done.

The CHAIRMAN: Shall the item carry?

Item agreed to.

Item No. 175—Special Services. To provide for expenses of the Special Services Branch including expenses for the promotion of a program for combating seasonal unemployment, the organization and use of workers for farming and related industries and assistance to the Provinces under agreements entered into with the Provinces by the Minister of Labour with the approval of the Governor in Council, and the movement, reception, supervision and welfare of workers from outside Canada to work on farms and other essential employment where Canadian labour is not available to meet the need .....

\$602,618

Mr. CARON: I think that is the place to put my question. In 1957-58 for that program of combating seasonal unemployment—

Mr. McDONALD (*Hamilton South*): Mr. Chairman, on a point of order, I believe when each branch is called, the head of that branch is going to make a statement first.

Mr. CARON: No, on that point of order we can discuss that whole thing.

The CHAIRMAN: It is just up to the committee if they want to hear the official in charge of the operation.

Mr. CARON: It is the item "special services", the whole item comes under 175.

The CHAIRMAN: We are not trying to cut something off.

Mr. McDONALD (*Hamilton South*): Since the committee started we have always had, under each item first a statement from the person in charge.

Mr. CARON: Oh, sure, I am willing to wait for that.

The CHAIRMAN: All right, if it is the desire of the committee, Mr. Dawson will give you the details of the department.

Mr. W. W. DAWSON, (*Director, Special Services Branch, Department of Labour*): Mr. Chairman, the special services branch is presently engaged in three main activities—one we administer the federal-provincial farm labour agreements, we participate to some extent in the immigration program and the third item is the seasonal unemployment program which we participate in.

The farm labour section deals with the agreements with the provinces in the farm labour field. These agreements have been entered into continuously since 1942 and we bring the provinces and federal agencies together in an effort to make a supply of farm labour available and add greater mobility to the existing labour forces in that field.

In the immigration field our activities are somewhat less than they were in some previous years but we still operate a reception house at St. Paul l'Ermite outside Montreal. We also supervise the operation of an office in London, England and to some extent we represent the provinces in liaison with the Department of Citizenship and Immigration.

In regard to a seasonal unemployment program our participation is only a small part of the total effort in that field. Our branch does supply the secretariat for various government conditions. We are active in that field. We establish contacts with provinces and through them and otherwise with the municipalities and the vote for the federal expenditure in the publicity field is carried in our vote.

Mr. CARON: Would you compare 1957-58 and 1958-59 and give us any changes in the program for this seasonal unemployment.

Mr. STARR: Last year we provided in our estimates a total of \$150,000 which was quite a substantial increase from the year before. Then later on we asked for supplementary estimates amounting to \$41,000 which made a total expenditure of \$191,000 to promote winter employment this promotion was in two phases. One was the publication of informational material and the other was in regard to newspaper, radio, film and other publicity.

This year we have the same amount in our estimates, \$150,000, broken down into categories, \$10,000 for publication of informational material and \$140,200 for newspaper, radio, film and other publicity. Mr. Chairman, we intend to put on as great a drive for winter employment as we did last year and we will endeavour to bring about a more accelerated program this winter. If more money is necessary, we will be asking for more through the supplementary estimates, the same as we did last year.

Mr. McDONALD (*Hamilton South*): Mr. Chairman, on this point, are the provinces thinking of doing something similar to promote employment under their own labour departments across the country?

Mr. STARR: I do not know what they are planning, but they have been cooperating with us in our seasonal winter employment program drive. They have cooperated with the federal government in various plans that have been put forward by the federal government such as the clearing of roads and so on in the winter time in order to provide winter employment. Mr. Brown tells me they also have established interdepartmental committees which work closely with the federal government.

Mr. HOUCK: The question which I am about to ask has to do with the farm labour question in the fruit farming section of the Niagara district. Suppose a man is registered at the unemployment insurance office and they get him a job on the farm. A lot of those fellows refuse to go on the farm to work because of existing conditions such as long hours. What happens to that applicant?

Mr. STARR: Mr. Houck, would you mind leaving that until we come to the unemployment insurance item?

Mr. HOUCK: I will do that.

Mr. STARR: We will take your question up at that time.

Item 175 agreed to.

The CHAIRMAN: Under items 176—

Vocational Training Co-Ordination—Administration

and 177—

To provide for carrying out the purposes of the Vocational Training Co-Ordination Act

there were two deferred questions, one asked by Mr. Stanton and the other by Mr. Houck.

Mr. STANTON: In regard to item 177 I was wondering, due to the industry being more firmly mechanized year by year, is the department—

The CHAIRMAN: Excuse me Mr. Stanton. We generally follow the practice of having the official in charge of the department give an explanatory statement or an outline.

Mr. C. R. FORD (*Director of Training, Department of Labour*): The organization of the vocational training branch of the Department of Labour is set fourth in chart L. This chart also depicts the types of training programs which receive federal assistance under the provisions of the Vocational Training Coordination Act of 1942.

The functions of the vocational training branch are to administer the provisions of the act and to cooperate with provincial government officials, employers' organizations, organized labour and other federal government departments in promoting, organizing and developing all types of training programs designed to fit persons for employment as skilled workers or technicians or to upgrade such workers in their present occupations. The Department of Labour does not operate any vocational training schools or public training programs. The responsibility for providing such training rests with the provincial and municipal authorities.

The provisions of the Vocational Training Coordination Act, which is the legislative authority for this type of federal aid, may be summarized as follows.

The act authorizes the Minister of Labour to undertake and pay for training programs which are required:

- (a) to fit persons for employment contributing to the defence of Canada whether in industry or in the armed forces.



- (b) to fit unemployed persons for gainful employment.
- (c) to conserve natural resources vested in the crown in the right of Canada.
- (d) to fit persons for employment for any purpose in the national interest which is within the legislative authority of the parliament of Canada.

It further provides that the minister may enter into an agreement with any province, for any period, to provide financial assistance for the following purposes

- (i) any training project previously carried on under the Youth Training Act.
- (ii) apprentice training.
- (iii) training of supervisors in industry.
- (iv) rehabilitation training for disabled civilians.
- (v) training to increase the skill and efficiency of workers in agriculture, forestry, mining, fishing and other primary industries, including homemaking.
- (vi) the development and operation of vocational and technical schools and courses at secondary level.

Provision is also made to share with the provincial governments in the cost of providing bursaries in the form of grants, loans, or a combination of both to worthy and needy students entering universities or who require such assistance to continue in degree-granting courses, except theology.

The conditions and regulations governing federal financial assistance to these various types of training are set forth in four federal-provincial agreements as indicated on chart L.

The first is the vocational and technical training agreement No. 2 which covers the five-year period ending March 31, 1962. This agreement provides for a total of \$40 million to be allotted to the provinces on the basis of the population in the 15 to 19-year age group. \$15 million of this amount is provided for sharing in operational costs of technical and vocational schools to be made available to the provinces by way of annual allotments. \$25 million is earmarked for sharing in capital costs. Priority is to be given to schools organized for providing trade or advanced technical training. The Yukon and the Northwest Territories and all provinces, except Quebec, have signed and are participating under this agreement.

The second agreement is the vocational training agreement which has been in effect for several short-term periods. It was renewed in 1954 for a further five-year period in all provinces except Quebec. The provision for student bursaries is renewable for one year only. The types of training projects are indicated in the block headed "special vocational training projects" on chart L.

The apprenticeship training agreement is in effect in all provinces except Quebec and Prince Edward Island. The latter province has no system of apprenticeship. Under this agreement, the costs to provincial governments for the training of apprentices in classes and for field supervision are shared on a matching basis with the federal government.

Under the vocational correspondence courses agreement the costs of preparing approved vocational correspondence courses are shared with the provinces. Approximately 120 such courses are now available to students in any part of Canada for nominal fees of from \$10 to \$25.

The Minister of Labour is assisted in the administration of the act by two advisory bodies, the Vocational Training Advisory Council and the Apprenticeship Training Advising Committee. These bodies represent provincial governments, management, organized labour, and other national bodies and organizations interested in the promotion and development of training programs.

Research activities and special studies which can best be undertaken by a central authority are undertaken by the branch in cooperation with the provincial authorities and with the help of other branches of the Department of Labour, particularly the administrative services branch, the information branch and the economics and research branch.

One such joint project is the analysis of skilled trades to determine the essential skills and knowledge required for full competency for the training of apprentices and skilled workers. To date seven analyses have been completed and distributed; there are ready for printing and two more are being prepared.

A study of existing facilities and courses for the training of skilled workers and technicians in publicly-operated schools is under way. This study is part of the departmental research project to determine the need for new and improved methods of training skilled workers and technicians to meet the changing requirements of Canadian industry.

One of the most urgent needs for apprenticeship continues to be the training of instructors for organized classroom and shop instruction of indentured apprentices. The branch has again arranged for a special teacher training course at the Ontario College of Education. Several provinces which do not have suitable teachers' training programs of their own are making use of this program as well as other departments of the federal government.

Other activities of the branch include the preparation of special reports and bulletins on various branches or aspects of vocational training, the convening of or participation in national and interprovincial conferences, and the dissemination of information which will help to promote various forms of training. Among the publications mentioned above are bulletins on apprenticeship, vocational training and vocational correspondence courses.

The CHAIRMAN: We will now receive any questions which members may wish to ask.

Mr. STANTON: The vocational training comes under the jurisdiction of the province. Has there been any increase in the assistance by the dominion department to the province along that line in the last year or two?

Mr. FORD: Under the first agreement I mentioned there is an increase of half a million dollars each year and \$25 million over a five-year period is being made available to help assist the provinces in developing capital projects. As well, the amount of money, which has been made available for apprenticeship training has been increased each year as the number of applicants increase. I think increased funds are being made available for training of disabled persons and unemployed.

Mr. STANTON: Could you give me the increased number of persons partaking of this assistance that is being given to them?

Mr. FORD: That is one of the most difficult questions to answer as we have to get accurate statistics from the provinces. As far as the apprenticeship training in classes is concerned, it has been increased in the last two years at the rate of 1,000 apprentices a year. The number of unemployed who are given training increased considerably during the last year. However, this figure fluctuates. An attempt is being made on the part of most provinces to provide training for all those referred for training by the national employment services.

Mr. BROWNE (*Vancouver-Kingsway*): One of the functions of this department is dealing with disabled persons and their rehabilitation. I was wondering when we had a special department set up to deal with that, which came under the previous item which we dealt with, why it would not be better administered under that department? I would also like to know what proportion of the money goes to rehabilitation services which is used in this department?

Mr. FORD: The part this branch plays in the rehabilitation program is that when these individuals are ready for training they are referred to an agency in the province which provides the training for everybody. In other words, they are making use of the existing facilities, and the funds to pay for these are provided for in the vocational training vote.

Mr. MACLEAN (*Winnipeg North Centre*): Are these different agencies run by the provincial governments in every province?

Mr. FORD: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): The province of Manitoba also?

Mr. FORD: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): How does the crippled children's society in Manitoba come into this, or does it?

Mr. FORD: Perhaps Mr. Campbell should answer this question.

Mr. CAMPBELL: In developing rehabilitation services in Manitoba they ran into a peculiar situation. In that province the provincial government had turned over to the Manitoba Society for Crippled Children the responsibility of supplying rehabilitation services to crippled children, and when they came into the extended program they appointed the Manitoba Society for Crippled Children a liaison government agency. There is a cooperative arrangement between the government and the society through which the province seeks out the disabled people, has them assessed and, working through the society, sees that they receive the services they need.

Mr. MACLEAN (*Winnipeg North Centre*): Is this done in any other provinces?

Mr. CAMPBELL: No, that is peculiar to Manitoba.

Mr. BEECH: I notice a considerable increase in most of the branches, but under "youth training" there is a reduction. What is the significance there?

Mr. FORD: One of the reasons is that Quebec has not been participating in this agreement and the amount of money previously made available for Quebec was taken out of our estimates this year.

Mr. STARR: If required, we can put through a supplementary estimate to cover the expenses if the province of Quebec signs an agreement with the federal government.

Mr. HOUCK: This question may be out of order and, if it is, would you advise me to this effect. What about our qualified professional workers or skilled workers and technicians? Are we lagging behind other countries in producing this type of man?

Mr. FORD: That is one of the surveys we are carrying on at the present time. I must say the program for the training of technicians and that which we call advanced technical training or post-high school is being developed rapidly in Canada. Part of the allotment provided here for capital projects is being earmarked or being referred for the development of such facilities. At the present time, practically every province is planning to increase materially the facilities for providing this kind of service.

Mr. HOUCK: What are we doing in the situation where we produce a professional man or a skilled worker, and an opportunity opens up in the United States and he leaves Canada? Are we taking any steps to combat that—or do you refuse to answer my question?

Mr. FORD: I think it is a two-way street, and that we are doing the same thing in relation to the United Kingdom.



Mr. STARR: I think at the last meeting a similar question was asked and the answer, if I remember correctly, was that we get about an equal number coming across the border from the United States into Canada, so that it balances off.

Mr. HOUCK: We still get quite a few from the United Kingdom do we not?

The CHAIRMAN: If you will read the report of the last meeting, Mr. Houck, I think you will see that Mr. Francis gave the answer that we were losing about 6,300 over a period of years to the United States. And when I asked about the reverse flow, it was just about three times that number coming into Canada from the different countries. It was more than over balanced.

Are there any other questions? If not, shall items 176 and 177 carry?

Agreed to.

Item No. 178. Government employees compensation—Administration of the government employees compensation act ..... \$98,413

Mr. STARR: Mr. Green is the director of this department.

Mr. George G. GREENE (*Director of Government Employees Compensation Branch, Department of Labour*): Mr. Chairman and gentlemen: We administer the Government Employee's Compensation Act which applies, as far as compensation is concerned, to all members of the public service as well as employees of crown corporations and of certain other agencies of government.

There is a total of 215,000 now covered under the act, which is quite an increase from some years ago. And of that number, about 24,000 are employees of crown corporations.

Last year we took care of 16,269 accidents through the provincial workmens compensation boards which are our agents for receiving applications and the paying of claims.

There is now under way a fairly good safety promotion campaign.

Last year we engaged a safety expert who is working with all departments now with the idea of reducing as far as possible the number of serious accidents. I think that good results will be seen from in the course of another year.

If there are any questions, I shall try to answer them.

The CHAIRMAN: Are there any questions on this item? There were not any deferred.

Mr. LAHAYE: When was the last revision of rates put into effect?

Mr. BROWN: The rates applicable under the Government Employee's Compensation Act are the rates which are applicable in the province where the civil servant carries on his employment.

In other words, the civil servant receives—or is dealt with on exactly the same basis as are the employees in private industry in the province where he carries on his employment.

Mr. STARR: The administration or the processing of claims is done in each and every province on the basis of their own rates. We supply a fund in each province from which they draw for the payment of these claims.

Mr. O'LEARY: And it is the prevailing provincial rate?

Mr. STARR: That is right.

The CHAIRMAN: Is the item agreed to?

Item agreed to.

#### UNEMPLOYMENT INSURANCE COMMISSION

Item No. 179. Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the Governor in Council on the recommendation of the Minister of Labour in accordance with section 4 of the Act.... \$31,784,500

I believe we have Mr. Bisson, Mr. McGregor, Mr. Rutherford and Mr. Thomson with us.

Mr. Bisson is in charge of the department and I believe we shall be hearing from him.

Mr. STARR: Mr. Bisson has a statement covering the activities of the Unemployment Insurance Commission.

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): Mr. Chairman and gentlemen, I very much appreciate having the opportunity of making a brief statement on the estimates of the Unemployment Insurance Commission. I shall refer to the comparative table of estimates and the organization charts which have been distributed to the members of the committee. I trust the information provided will result in better understanding of the operations of the commission.

Referring to the booklet you will note that there is a table of contents which shows the various organizational charts by number and a table comparing the estimates and expenditures from 1953-54 to 1958-59. There are three items in our estimates: Vote 179, administration of the Unemployment Insurance Act, \$31,784,500, plus a supplementary of \$1,489,434, Vote 573, or a total of \$33,273,934; the government's contribution to the unemployment insurance fund, \$39,500,000, which is a statutory item; and vote 180, transfer of labour, \$75,000. I shall deal with these items a little later on.

I shall first deal with the organization of the commission and would refer you to the chart on page 1, which shows the basic organizational structure. The commission reports to parliament through the Minister of Labour, is advised by the unemployment insurance advisory committee and the national employment committee, and is responsible for the administration of the Unemployment Insurance Act and regulations. To carry out the provision of the act the commission operates a head office in Ottawa, five regional offices, two hundred and two local offices and twenty-nine branch offices. Local offices report through regional directors to the executive director at head office who, with the assistance of branch heads, directs the administration.

I would now like to deal with our employment operation and would refer you to the chart on page 4, which gives an indication of the formal organization of one of our larger local offices. Under the Unemployment Insurance Act, this commission is called upon to operate an employment service. The objectives of this service are to find employment for any employable person, either male or female, if he or she registers with a local office, and, secondly, to refer suitable applicants to those employers who have notified the service of their job openings. The service also, in a general way, assists wherever and however possible in alleviating the unemployment situation. I know you are all familiar with the current efforts being made towards reducing winter unemployment in Canada.

If you will look at the chart on page 4 to which I have made reference, you will note that under the employment branch there is shown a men's and women's employment division. These divisions are comprised of sections based on occupational classifications and it is in these sections that we perform the actual work of registering applicants for work and make referrals to job vacancies. The officers of these sections also maintain continuous contacts with employers in the area and, acting as employer-relations officers, promote the service to employers in an attempt to have the employer register all his job openings with the office. The staff required for work of this type must be carefully selected and trained. You will appreciate that the better we are able to satisfy employers with a high quality of referral, the more vacancies are registered with our offices and the wider choice of employment is available to workers.

In addition to the men's and women's division, you will also note that specialized divisions are set up in our larger offices. We have a special placements and testing division where a special service is given to handicapped persons and to youth and other new entrants to the labour market. An executive and professional division is a special service given to what we term executive and professional applicants, which includes the placement of university graduates and for summer work, undergraduates. At many of the universities, officers from this division actually work on the campus and, in this way, keep in close touch with the graduates and undergraduates.

The clearance division of the local office offers a most important facility. If a local office does not have applicants registered or suitable for an employer's vacancies, the employer's order may be cleared or sent to other offices. The order can be sent first to adjacent offices then to offices in the same region and, finally, if necessary, across the entire country. At the end of June, 1958, there were 3,100 employers' vacancies in clearance. This clearance system also works to the advantage of the applicant, particularly in the skilled group. If a highly-skilled applicant is unable to be placed in the local area, his application may be cleared to other offices either within his own region or outside of it.

The employment public relations division is staffed with officers who are mainly responsible for the public relations work in the local office area. These officers maintain contact with employer and employee organizations and generally with the larger employers in the area.

While this is the form of organization in our larger offices, all these functions are carried out in all offices of the commission. We do not, of course, have the degree of specialization in the smaller offices as the volume of work would not warrant a staff large enough to have specialists in each of these fields. However, where the need arises, officers are trained and the applicant in the small office can and does receive a service as adequate as the service provided to those residing in a larger area.

If you will now refer to page 3, you will see the formal organization of the regional office and you will note that the employment branch is divided into four divisions.

It is the function of the regional employment branch to assist the local offices in carrying out the employment work. The general placements division is staffed by industrial specialists. These officers have an intimate knowledge of the problems of supply and demand in industry and by closely watching the employment situation in each office area, they are able to maintain a control and assist the local office in meeting its problems. They are also able to direct clearance orders arising in local offices, to areas where the labour may be available.

The special services division is staffed by officers who specialize in the field of special placements and executive and professional.

The regional co-ordinator of women's employment advises on problems arising in connection with the field of work for women while the assistant to the regional employment officer compiles labour market information and provides the local offices with assistance in connection with statistical analyses and local office procedures.

At head office, as you will note from the chart on page 2, the breakdown of the branch is very similar to that of the regional office and a similar function is performed by its officials on a national basis. There is, of course, the responsibility on the head office employment branch to advise the commission on policies affecting the operation of the National Employment Service. The branch must also plan and develop the procedures and practices necessary for carrying out the act and regulations.



I have given you hurriedly a description of the employment branch organization and now I would like to quote some figures to give you an idea of the volume of work which is done by the commission through its employment offices.

In the most recent fiscal year—April, 1957 to March, 1958—the offices registered 3,663,625 applicants for employment and 1,067,766 vacancies were listed by employers. The offices placed 858,411 applicants in employment. Almost 17,000 of the applicants placed were handicapped workers on whose behalf a special effort was made by officers trained in this work. Also among the placements made were workers for several large projects underway during the fiscal year such as the St. Lawrence River Seaway and Power projects, the Camp Gagetown construction in New Brunswick, pipeline construction in western provinces and Ontario, the DEW line, defence projects in Newfoundland and similar works.

Of the 858,411 placements some 34,000 were placements arising out of our clearance machinery, that is workers placed in employment located at some distance from their home areas. Many of these were for work of a temporary duration but a large number resulted in the permanent relocation of workers and their families.

When I speak of placing over 850,000 people in employment, the complexity of the selection process necessary for proper referral is often overlooked. Selection involves a careful recording of the applicant's skills, aptitudes, experiences, interests, etc. In some offices we maintain facilities for testing and in cases where there is a doubt as to an applicant's qualifications or skills, tests are sometimes administered with the sole idea of obtaining a clearer picture of what work the applicant is best fitted for. With each applicant, an occupational classification is arrived at. The system we use of classifying applicants occupationally permits the breakdown into the "world of work" of some 10,000 classifications. I tell you this as I want to impress upon you that the work of selection is a task that must be carried out with some considerable precision.

The taking of an employer's order is a side of our operation where we have to be no less precise. In addition to obtaining a clear description of the work to be done, there are many other factors to be considered—wage rates, hours of work, duration of employment, trade union membership—all are most important. Also, the legal provisions of provincial and other legislation must be observed. All of these have a bearing in effecting a proper matching of man with job.

Vocational misfits are liabilities because they are most likely to make mistakes that cost money. They are prone to accidents and the turnover rate is abnormally high. The National Employment Service must select workers who are not just workers but persons who are suitable to the jobs to which they are being referred.

The value of the employment service to the economy of the country is reflected in reduced labour turnover, which means better satisfied personnel and a reduced hiring cost to the employer which are the end results of efficient selection and placement.

In September of last year with higher levels of unemployment prevailing, it became necessary to intensify and strengthen the employment service effort. Instructions were issued to local offices at the end of September covering those areas of the regular employment service operations upon which special emphasis had to be placed to achieve the highest degree of placement effort. These involved a stepped-up employer contact programme to obtain all possible vacancy listings; provision for immediate attention to vacancies and applications to avoid delay in the selection and referral of applicants and the adoption

of certain innovations designed to draw the attention of employers to well qualified applicants when vacancies were not listed with the office. Local offices were also instructed to retain employment staff on employment work, in so far as was possible, rather than transfer them to insurance work when heavier loads of benefit claimants materialized. The over-all objective of the programme was to build up a dynamic employment effort as quickly as possible—one that could be sustained as a continuing feature of the employment service operations.

Staff needs are of the greatest importance to an expanded and fully sustained employment service effort. The commission is accordingly seeking to increase staff for employment work. In addition, a committee has been set up at head office to look closely into the staffing basis and the longer term needs of the employment programme to ensure that adequate staff is provided to carry it out.

If you would refer back to page 4, opposite the employment branch on the organizational chart you will see the insurance branch. The markings on the chart indicate the divisions of the insurance branch and are, in effect, self-explanatory.

The claims preparation division is responsible for the actual taking of the claim after registration for employment. The staff of this division must be very carefully trained as the completion of the claim documents must be skillfully done if the adjudication officer is to be in a position to decide wisely on whether or not the claim should go into payment. The claims preparation division has three other sections which take over the processing of the documents and control the flow of the documents until the claim goes into pay.

The review and adjudication division of the insurance branch decides whether or not the claim should be allowed and if any disqualification should be imposed.

The claims payment division does the actual payment either by cash or warrant.

The contribution and coverage division is responsible for the issuance of insurance books and the issuance of licenses to employers for the purpose of purchasing stamps. This division also issues routine decisions on coverage questions.

If you will now refer to the chart on page 3, you will see that the insurance branch at the regional office has three divisions—a contributions division, an audit division, and a claims division.

In the contributions division of the regional office, complete contribution records are maintained, from which it is determined whether the claimant has sufficient contributions within the prescribed time to warrant entitlement to benefit and, also to determine the rate and duration of benefit of claims. Under the present system, the current insurance book is sent to the contributions division at the regional office and this, together with the records of contributions for the required number of years, provides the information necessary for computation.

In the claims division of the regional office, difficult cases of adjudication are decided upon. Reviews are also made of decisions by officers located in the local offices so that uniformity of adjudication will be maintained.

The audit division of the regional office has supervision over the district audit offices and the audit staff working in the field. The entire region is divided into districts and at these district points a district auditor supervises groups of field auditors and allocates the audits to these officers from the central point.

I would refer you now to page 6, where we have set out for you a chart showing the function of each of the divisions of the insurance branch at head office.

I know you will appreciate that our officials in the insurance branch at head office have a responsibility for advising the commission on the operations in the field. These officers must also plan the procedures necessary for the carrying out of the provisions of the act. They must also review these procedures in order to ensure that the most efficient system is in effect in the local offices. This will give you a very hurried description of the insurance branch organization from local office to head office.

I would like to give you now some indication of the volume of insurance work which the commission has done through its organization.

In 1941, the act covered 2,000,000 workers. In the past seventeen years, the number of insured persons has increased to about 4,111,000. Another estimated 1,000,000 persons are recorded as having been in insurable employment at some time and many of them have rights to benefit.

Registered employers have increased from 160,000 in 1941 to slightly over 300,000 at this time. The growth in the number of employers will give you some indication of the increase in work which has fallen upon our audit staffs because of the necessity to maintain control on contributions to the fund. The commission insists upon periodic audits of all those who have insurable employees and for the fiscal year ending March 1958, about 220,000 audits and special investigations were made. In the case of many employers, a visit from the auditor about every eighteen months is now considered to be sufficient. This has not always been the case but with the employers becoming more accustomed to the legislation and because of the field control which has been exercised, the commission has been able to extend the interval of audit to employers with good records.

The increase in the number of insured employees will, of course, give a very definite indication of the increase in the number of records which have to be maintained for benefit purposes. In the past seventeen years, there has been a great increase in the number of claims filed for unemployment insurance benefit. In the fiscal year ending March 31, 1943, the total number of claims filed was 36,000. By 1946 the volume of claims had increased to about 430,000.

In the year 1957-58, claims numbered approximately 2,900,000. This included renewal as well as initial claims. When you are giving consideration to this load expressed in millions of claims, please keep in mind the computation required at regional offices and the careful review and adjudication which must be made in each case.

I would now ask you to refer to the comparative table of estimates and expenditures on page 9. Here we show our estimates and expenditures for the past five years and the money we are requesting for 1958-59. A comparison of total expenditures for the last five years shows an increase in each year. I might say that all figures that I shall mention are to the nearest thousand dollars. Expenditures for 1953-54 amounted to \$57,919,000 and increased to \$70,297,000 for the year 1957-58. The estimates for the coming year, including a supplementary, are \$72,849,000. The increase in actual expenditures is \$12,378,000 and there is a further estimated increase for 1958-59 of \$2,552,000. While this seems to be a fairly substantial increase, it should be noted that \$6,014,000 of the increase in expenditures is accounted for by the government's contribution to the fund. Further, this item also accounts for \$1,664,000 of the increase in the 1958-59 estimates. This is a statutory item and is based on the contributions to the fund made by workers and employers.

I am sure you are more interested in the administration vote as this is a large item and also one that can be controlled. Expenditures for the last five years have increased in total from \$26,097,000 to \$32,444,000 with an



estimated expenditure for 1958-59 of \$33,274,000. By far the largest item in this vote is salaries and wages. These expenditures have increased from \$20,831,000 to \$28,211,000 and the estimated expenditure for 1958-59 is shown as \$28,626,000. It may be noted that the over-all increase in expenditures amounts to \$6,347,000 and yet the increase in salaries is \$7,380,000. I would point out that items covering alterations, maintenance and repairs, rental of office accommodation and electricity, heat and water rates which amounted to \$1,773,000 in 1953-54 and \$1,917,000 in 1954-55 have in the later years been largely assumed by the Department of Public Works. Disregarding these items, the net expenditures, excluding salaries and wages, have only increased by \$740,000 in the last five years. Of this increase, the largest item is \$434,000 for postage. With the tremendous increase in the payment of benefits in the last fiscal year, it would seem that our expenditures will have to increase very considerably if this volume is maintained.

The increases in salaries and wages are due mainly to general salary revisions and to the increase in casual help. The regular staff has remained remarkably constant. The maximum continuing staff on duty at any month end was 6,998 in the fiscal year 1953-54 and only increased to a maximum of 7,439 in 1957-58. For a number of years the commission has determined its staff requirements in local offices by work units in local office production. This staffing basis has been an invaluable tool in determining the staff requirement for each office. I might add that the staffing basis shows a need for further supervisory positions, particularly in the insurance branch. In fact, a total of five hundred and twenty-five new positions was originally requested in our 1958-59 supplementary estimates, being two hundred and seventy-five positions for insurance and two hundred and fifty for employment. Of these only one hundred and fifty employment positions were approved by treasury board. Unless the work load of the commission decreases very considerably—which seems unlikely—a renewed request will be made for these additional positions.

Since the salaries and wages object forms such a large part of our total controllable expenditure, I think you would be interested to know of the formal organization which assists and advises the commission on the proper utilization of staff and the development of the system which the staff must operate.

I would like to refer you to the organization chart on page 2, which shows the head office of this commission. Under the executive director at head office we have an administrative services branch and you will note that this branch has three divisions.

The standards and methods division is composed of a group of officers especially trained in office procedures and methods. These officers are continuously engaged in reviewing the commission's standards for accommodation and staffing. In addition, these men are continuously studying more effective and efficient methods to be used in our local offices. All procedures are planned with the technical assistance of this group. At the present time, after much study and research, a pilot mechanized claims payment plan is being introduced in the Prairie region. It is hoped that this will produce substantial savings and it is planned to progressively introduce this new method in the rest of the country.

In the earlier part of this report, I pointed out the work of the employment and insurance branches, particularly with regard to the selection of people for jobs, and on the insurance side the skill required for the taking, computation and adjudication of claims. In order to have a staff capable of performing this difficult work, training becomes very important. The staff training division of the administrative services branch prepares the necessary training studies and

maintains a programme of staff training. Training divisions are also established at regional offices and these staff officers give assistance to local offices in the training of staff.

I would now refer you to the personnel branch and you will note that one of the divisions is an establishment review division. This division continuously reviews the establishment of the commission's offices and once each year does a complete review with the Civil Service Commission officials. The rating division is responsible for the rating programme which this commission carries on. Each employee is formally interviewed once a year for the purpose of informing him of his progress during that year and offering suggestions as to how he may improve his over-all performance.

Other necessary functions performed at head office are also shown on this chart.

The inspection branch at head office has a group of highly trained personnel who visit each local office at least every two years for the purpose of making a complete inspection of the office and reporting to the executive director on the quality of work being done and the efficiency with which the office is operating.

The enforcement branch endeavours to prevent fraud in the payment of benefits, working through regional enforcement officers who, in turn, have a field staff of investigators. These field investigators work independently of local office managers. They make investigations at the request of local office staff if fraud is suspected. They also make a check in selected areas of cases picked at random from claim files in the local office. In the fiscal year ending March 31st, they completed over 60,000 investigations.

The public relations branch at head office studies the publicity which the commission is receiving in the field and generally supervises the programme for the commission.

The legal branch officials serve as legal advisers to the commission and to other officials. The officers of this branch prepare any necessary legislation and, in addition, draft the regulations. These officials represent the commission at oral hearings before the umpire and generally provide the commission with whatever legal counsel is necessary.

In the report which I have given, I have attempted to give you a general picture of our organization and in general terms the work which we do.

No report of this commission would be complete without stating that the ability of the commission to meet the seasonal loads which it regularly encounters is due to our very fine field staff. Our staff has worked overtime when called upon to do so. It has, in many instances, performed meritorious service beyond that normally required in giving the public the service it has the right to expect. I believe that the commission has been able to keep its budget within its present limits largely because of the co-operation which it has always received from its staff.

Finally I believe that the appropriations which this commission has requested to carry on its operations are fair and reasonable.

Mr. Chairman, I have with me this morning Mr. W. K. Rutherford, director, administrative services; W. Thomson, director, employment branch, and J. McGregor, director, insurance branch.

The CHAIRMAN: Are there any questions gentlemen?

Mr. CARON: What was the amount of the fund in May, 1957?

Mr. J. MCGREGOR (*Director, Insurance Branch, Department of Labour*): The fund, at the end of 1957 stood at \$846,819,435.

Mr. CARON: What did the fund stand at in May, 1958?

Mr. MCGREGOR: The fund in May, 1958, stood at \$662,056,157.

Mr. CARON: Thank you.

Mr. BEECH: Mr. Chairman, I see an item here "commission to Post Office Department" in the amount of \$825,000 and further down another item "postage" in the amount of \$825,000. Could we have an explanation in regard to those items?

Mr. W. K. RUTHERFORD (*Director, Administrative Services, Department of Labour*): The item covering "commission to Post Office Department" is a Post Office charge in regard to unemployment insurance stamps. This is a very small charge. It amounts to .08 of one per cent of the sales of unemployment insurance stamps.

The item "postage" represents the regular postage used by our office in shipping material to claimants and other offices, and so on. It is a very large item, that is true. Actually it is a transfer of funds to another government department, but it represents regular postage.

Mr. CARON: Mr. Chairman, when a skilled man is out of work does the Unemployment Insurance Commission force him to accept labour work if there is nothing suitable for him?

Mr. W. THOMSON (*Director, Employment Branch, Department of Labour*): If a skilled worker registers at the local office he is registered according to the work for which he is suited and qualified. If there are any vacancies in that occupation and he happens to be the most suitable person he would be referred to it. If there is a lesser skilled vacancy such as labour, and so on, it will be offered to him in the first instance.

If he is referred to a skilled job for which he is suited and refuses to accept it there is a strong chance of his being disqualified from receiving unemployment insurance benefits. If he is a skilled worker and is referred to a labour job and turns it down, in all probability he would not be disqualified from receiving unemployment insurance benefit.

Mr. CARON: Does it ever happen that a skilled man is disqualified from receiving benefits because he refuses to accept a labour job?

Mr. MCGREGOR: If a skilled man was unemployed for a long period of time and it was evident that there were no jobs available in his skilled trade, and as time progressed, jobs of lower categories, and of lower skills would become suitable in his case.

Eventually, after a long period of unemployment a labour job might be considered suitable in his case.

Mr. STARR: I think, Mr. Chairman, that that answer would probably also answer the question of Mr. Houck earlier where, as Mr. Houck suggested as an example, a person may be offered a job in the fruit industry.

Mr. HOUCK: And refuses to take it, what about that?

Mr. STARR: Well, it would depend on this fact; if it was a long period of unemployment, that is, if he had been unemployed for a long time and efforts had been exhausted in placing him in a suitable job in accordance with his qualifications, if he refused that job as a farm labourer he would be disqualified. You have to consider the many factors involved.

Mr. MACINNIS: Mr. Chairman, mention has been made of field staffs working overtime. Do you consider this in the best interests of the unemployment situation?

Mr. STARR: Mr. Chairman, our difficulty has been that when the peak load is on in the national unemployment insurance office the regular staff work overtime. We also employ well over 3,000 casual workers to carry on these offices during that peak load.



Mr. GRAFFTEY: Has it ever been brought to the attention of the commission whether these casual employees who measure up to the standards required by the commission have been released from that casual employment while regular employees have continued to do overtime work?

Mr. RUTHERFORD: Generally speaking that is not the case. We only hire casuals if they are required, but we certainly do not want our staff to work overtime if we can get casuals to perform that work. It is not always possible to obtain casuals overnight, and situations arise sometimes where it is absolutely necessary to work our staff overtime.

We keep it to the absolute minimum and I am sure I am expressing the commission's opinion that we do not want the staff to work overtime at all if possible.

Mr. GRAFFTEY: Those words "if possible" answer a lot of questions, but where you have occasion to hire casual employees and they fill the requirements of the commission isn't it true that these casuals are occasionally released and regular staff carries on with overtime work?

Mr. RUTHERFORD: I do not think there are many cases of that kind. If there are any we would like to know about them.

Mr. BISSON: Casual employees work only on a specific job. The staff you are referring to may be working on the kind of work for which the casual is not hired.

Mr. MITCHELL: Mr. Chairman, what is the length of time that an employer has to purchase his stamps?

Mr. STARR: He is required to purchase them each and every period of payroll time. If the employees are being paid twice a week he is supposed to purchase stamps twice a week.

Mr. MCGREGOR: He must affix the stamps within three days of paying the employees.

Mr. MITCHELL: Are your auditors instructed to prosecute or suggest prosecution for the failure to affix stamps at any definite period of time that they might be in arrears?

Mr. MCGREGOR: The procedure is that the first time an employer is found to be delinquent he is just warned that he must live up to the regulations from that point on. On the second occasion if he is found to be delinquent there is a penalty of 10 per cent added to the assessment made against him and he must pay that penalty.

Mr. MITCHELL: What is the period of time between the warning and the penalty?

Mr. MCGREGOR: Because we feel since the act was changed in 1955, there was a change in the previous make-up, a change in the act and regulations, and we have forgiven the first time for having failed but the second time we feel he has been warned and knows the score, and from that time on is assessed the penalty.

Mr. MITCHELL: That is still all right, but I am trying to determine the period of time between the warning and when the penalty will be imposed.

Mr. MCGREGOR: There is no set period of time when the auditors get around to see him again.

Mr. STARR: There is a check through the post offices on every employer as to his purchases and if there is delinquency there, where purchases are not being made, then in many cases the delinquent employer will get a letter or will get a form from the regional office asking that he fill the form out

and certain questions are asked as to when he purchased his last stamps, what was the total number etc, and we can judge from that just how far behind he is in his delinquency.

Mr. MITCHELL: I realize that and that is quite true. I am speaking from one of your auditor's standpoints when I ask this question: how is he instructed to warn or apply a penalty to the employer—in the amount of arrears or the length of time of arrears when he is asked to go in and investigate?

Mr. MCGREGOR: As the minister has pointed out, there is a continuous check on the purchases of stamps throughout districts. Each office would know when an employer is not purchasing his stamps. A notice of this is sent to the district auditors and in response to that they might send an auditor out right away because we realize he is not making the proper contribution.

Furthermore, if there is a complaint made by an employee the moment the complaint comes in from an employee that is investigated specially.

Mr. MITCHELL: Then I would not be correct in saying that your auditors have been instructed to assess a penalty in a period of, say, two weeks' time?

Mr. MCGREGOR: Not necessarily, no.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, if possible, I would like to get the number of people prosecuted for infringement of this act and the number of successful prosecutions.

Mr. STARR: That is the employers?

Mr. MACLEAN (*Winnipeg North Centre*): Does this only cover the employers? I am thinking of people who make false claims.

Mr. RUTHERFORD: I can only give you the figure for the previous fiscal year. Our enforcement branch has stepped up its activities since then. They made about 60,000 investigations this year as against 45,000 last year.

Last year for the fiscal year 1956-57 there were 649 prosecutions recommended and penalties imposed under section 65 of the act amounting to \$4,999. That was out of a total of 55,000 investigations completed I see here. I mentioned 45,000, it is 55,000 shown here and there were some 5,500 or approximately 10 per cent of the cases investigated where there was guilt and punitive action was taken. Of that there were penalties imposed under section 65, which are penalties without going to court and 649 prosecutions recommended.

Mr. SPENCER: What was the recovery, only \$4,000?

Mr. RUTHERFORD: I have not given the recoveries.

Mr. SPENCER: You had 5,500 trials?

Mr. STARR: This, Mr. Chairman, is taken out of the sixteenth annual report for the fiscal year ending March 31, 1957, but if the hon. member wishes it for the fiscal year ending March 31, 1958 we can send that over to him.

Mr. MACLEAN (*Winnipeg North Centre*): Yes, I do not want to hold the committee up.

Mr. STARR: We will send that information on to you.

Mr. MACINNIS: Is there a way where a contributor can take himself out of the unemployment insurance regulations?

Mr. MCGREGOR: Yes, when the salary at the moment is \$4,800. Anybody earning over \$4,800 as long as he is not being paid by the day, the hour or the piece is no longer covered when he reaches \$4,800 although he can elect to remain insured by paying his own contribution and that of his employer from the \$4,800.

Mr. MACINNIS: Beyond \$4,800 he is responsible for both his own share and the employer's share?

Mr. MCGREGOR: Yes. If he does so six months after going over the \$4,800.

Mr. MACINNIS: I have in mind a few examples in this category who have reached this stage a year or two prior to pension age. These men have contributed to this fund over a period of years just previous to being pensioned off and they find themselves in this category, and now you say the way to protect themselves would be to pay the company's contribution?

Mr. MCGREGOR: Six months after having gone over the salary.

Mr. MACINNIS: It seems there has been a slip-up in the local office in this regard and these men were not made aware of these regulations and have found themselves placed in the position of having no protection for the last seven or eight months or possibly a year. Would there be consideration given to that because they have not been notified by the local office?

Mr. MCGREGOR: The local office would never know when a person goes over the salary of \$4,800.

Mr. MACINNIS: Well, it was brought to their attention by the individuals concerned when they were no longer deducting it from their salary. Wouldn't they be aware of it then?

Mr. MCGREGOR: He should go to his employer and fill out a form if he wants to remain insured and lodge that with the employer.

Mr. MACINNIS: But the individual was not aware of this and he made a complaint to the local office, the local office did not make him aware of the regulation so how could he go back to his employer?

Mr. MCGREGOR: It is contained in all the literature. The obligation is on the employee himself and his employer to elect to remain insured.

Mr. MACINNIS: There is no obligation whatsoever on the local office?

Mr. MCGREGOR: We cannot keep track of it.

Mr. MACINNIS: Well, the man makes the complaint that deductions are no longer being made. You do not expect an individual who has been paying into a fund over a period of years to suddenly revert back to the literature put out by the department to find out this regulation especially when he has gone to the local office and made the complaint that the deductions were not being made.

Do you not think the local office has a responsibility to make him aware of this regulation?

Mr. MCGREGOR: I would be surprised if the local office had not advised him to go and lodge this complaint with his employer.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, this is something that has been troubling me and troubling a lot of students going to university and law school, and that is the fact that university students in general and more specifically law students which is a professional occupation are forced or their employers are forced to share with them the payment of unemployment insurance.

They pay this insurance although it is well known they will never have an opportunity of collecting the payment that they have made for unemployment insurance. This applies particularly to law students or others in the law profession.

Has the minister entertained any thought about making any changes along this line?

Mr. MCGREGOR: No. The point here is that the occupation which he is following is under a contract of service and he works under that contract of service within the limitation of \$4,800 and is therefore insurable regardless of what he is doing, where he is working, etc.

The bankers make the same complaint, that they will never become unemployed, but they are some of the good risks we take which tend to cover the bad risks.



Mr. MACLEAN (*Winnipeg North Centre*): I realize it is fully within the act but what I want to know is if the minister has ever thought of perhaps making some exception with regard to university students in general.

Mr. STARR: We have had representations from university students in a body about a year ago and this matter was brought to our attention. However, the fact remains that the unemployment insurance must remain on the basis that if a person works 24 hours a week then he must, of necessity, be insured under the Act and the employer must provide for that insurance. That is, he must put a stamp in the unemployment insurance book that week.

Mr. MACLEAN (*Winnipeg North Centre*): The only point is with this special class it does seem a bit ridiculous that they are paying into this fund and will never get anything out of it.

Mr. MCGREGOR: May I point out that some of those student eventually do not go back to university and actually come on our hands.

Mr. MACLEAN (*Winnipeg North Centre*): That is quite true but the majority never collect.

Mr. MCGREGOR: It is not too rare a case when they decide not to go back to university and come into our hands.

Mr. MACLEAN (*Winnipeg North Centre*): That is a very limited percentage, though.

Mr. MCGREGOR: Yes, but it does happen.

Mr. SPENCER: Is it correct that a law student getting a few dollars a week pays unemployment insurance?

Mr. STARR: As long as he works 24 hours.

Mr. MCGREGOR: As long as he is under the control of his employer and is told when he must work and how he must work then he has to pay insurance.

Mr. SPENCER: That is a graduate may find employment to put himself through his education.

The CHAIRMAN: Any further questions?

Mr. HOUCK: May I ask this question of Mr. Bisson. You mention this in your brief and at the same time I thought it was a very informative brief. You referred to the fellow who goes to a job and turns out to be a misfit. Do you have a big percentage of those and what happens to him after that, if he is found not suitable on the job?

Mr. BISSON: I do not think we have any figures on that. We are just making a general statement. A misfit can cause a loss to the economy but we do our best to select the best applicant for the job.

Mr. HOUCK: But he does not lose his standing if he turns out to be a misfit?

Mr. BISSON: No, if he is released and comes back to us and the employer says he is not satisfactory.

Mr. STARR: In other words, he is thrown back on the labour market and we must endeavour in our placement activity to find him another job in which he will fit, and in that respect I want to say this: Mr. Bisson in his report set out the fact that we have authority from the treasury board to hire 150 more men and that will mean an increased of 148 in our personnel. That means that there is a reduction of two from the original establishment. We have the authority to add 150 more persons for job finding activity in our offices across the country even though it will not be sufficient to carry out what we intend to do.

Nevertheless, we feel that it is a beginning.

Mr. HOUCK: Suppose I am registered in the unemployment office at Niagara Falls and you find me a job at Blind River, do I pay my expenses up there and back?

Mr. STARR: Not unless the area in which you are located has been designated as a labour surplus area.

The CHAIRMAN: That comes under item 180 anyway.

Mr. MITCHELL: Are there any regulations whereby they can govern the period of time when a person can return to work following, we will say, illness or, in this case, I was thinking of pregnancy? Is there any period of time where that could be governed if the person wanted to return at a certain time and the regulations would not allow them to?

Mr. MCGREGOR: Perhaps you are thinking of the application of unemployment insurance?

Mr. MITCHELL: No, this person was not even drawing unemployment insurance but she did return to work and was prevented in a shorter period of time than apparently the regulations would allow her to do.

Mr. MCGREGOR: I do not know what regulation it would be if she were not covered by unemployment insurance. If she wanted to return to work and she declared she was suitable to work, there is no power we have that would say she could not work.

The CHAIRMAN: That would be up to the employer.

Mr. MITCHELL: Well, apparently not. She applied to the employment office for placement and they said she did not qualify.

Mr. MCGREGOR: Are you speaking about qualifying for unemployment insurance?

Mr. MITCHELL: No, for employment.

Mr. MCGREGOR: There would be no way we would know. You are suggesting this woman has had a baby and a short time has elapsed since the birth of the child. We would have no way of knowing when the child was born. As I say, there is no regulation that we would have that would tell her she is not suitable for employment.

Mr. MITCHELL: I understand that she was advised by the local office that she would have to present a medical certificate.

Mr. MCGREGOR: No sir.

Mr. STARR: Not unless she was applying for unemployment insurance, but if she was applying for a job, there would be no reason why our office would not register her for employment and endeavour to find her employment.

Mr. MITCHELL: Let me put it this way: She did not know enough or was not advised and did not apply for any insurance at the time or a limit of time that she could qualify and then having lost that she wanted to get back to work as quickly as possible and from what I understand apparently she had to get a doctor's certificate before they would allow her to take employment.

Mr. STARR: Mr. Chairman, may I suggest if Mr. Mitchell will give the particulars of this case, we will look into it and advise him of the circumstances.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, one of the complaints I have received under the Unemployment Insurance Act is the fact of whether a man is involved in a labour dispute. I did not think we would have got this far or I would have brought the act with me, but I believe it says in the act if a man is interested in a labour dispute he is disqualified.

We had one out in British Columbia where we had the teamsters' strike and where they went on strike at one plant they immediately locked out the

men in every other plant and this included a lot of subcontractors who would be doing jobs at those other plants, and I have had a good deal of complaint about being disqualified from drawing benefits because of that fact.

Mr. STARR: You are referring to a situation where there is a strike and a subcontractor in that plant doing some renovation work or reconstruction work is unemployed but is unable to draw unemployment insurance. I am subject to correction on this, but to qualify for unemployment insurance they must attempt to go back on their job. If they do not make that attempt they are disqualified. If they do make the attempts to go back on the job and are restrained by the picket line, then there is some consideration in regard to that.

Mr. BROWNE (*Vancouver-Kingsway*): Well in this case, there was no picket line. The company simply locked them out all over the province. There was no picket line, there was no job to go to.

Mr. MCGREGOR: Mr. Chairman, the stipulation under the disqualification section of the act is first of all the claimant must have lost his employment through labour dispute and then he must prove to us that he is neither participating in any dispute, financing a dispute nor personally interested in its outcome. It is up to him to prove those three things and sometimes it is very difficult. If he is a member of a greater class any of whom is participating, financing or personally interested in the outcome of the dispute, if he was a carpenter and the carpenters went out on strike, for example, then regardless of who he is working for he loses his job and he is personally interested in the outcome of that strike, that is, whether he would get an increase or a decrease, then he is disqualified.

Mr. BROWNE (*Vancouver-Kingsway*): Taking one particular case, this man was a machinist fitter of some description. It was the teamsters who went on strike and this man had no connection with the teamsters union. The job he was employed on was not the one that struck but the employer decided to lock out the whole province and he was employed as a subcontractor.

Mr. MCGREGOR: If it is possible to send us the particulars of that particular case because the matter is terribly involved—we would be only too happy to look into the particular case if you would send it to us.

Mr. MUIR (*Cape Breton North and Victoria*): Mr. Chairman, if a man is paying insurance for a period of five or ten years and then moves to a job which is not insurable, \$4,800, and after that finds himself out of employment, can he then file a claim?

Mr. MCGREGOR: Yes, we protect him for a further two years, in other words, in order to claim payment he must have made contributions for 104 weeks. We can extend that to 208 weeks if he is engaged in the meantime in employment that is not insurable or for incapacity or mental or physical illness.

Mr. MUIR (*Cape Breton North and Victoria*): Was the period of time always two years or was there a period when it was three years?

Mr. MCGREGOR: No, two years has always been the maximum.

Mr. GRAFFTEY: Mr. Chairman, up until relatively recently I had the opinion of the department officials that the average working man did not realize or does not realize that your National Employment offices were and are set up in a very adequate way to find jobs for people of every kind. Is this new policy designed to make the individual man more aware of the fact that it is actually an office they can go to? In my own experience I find I am telling a lot of men this for the first time, "Go to your national employment service." Unfortunately they think it is an unemployment office and they do not realize



that perhaps it is the best place in the country to go to get a job. That was the experience of the department up until quite recently that the average working man did not realize.

Mr. MCGREGOR: No, that has not been our experience because Mr. Bisson in his statement told you that the number of placements amounted to about 850,000 two years ago and it was now one million.

Now, the one million persons who were placed in employment must know about the National Employment Service. However, as part of the re-emphasis of the employment program one phase of it is that we will spend some amount on advertising National Employment Service to make certain that every unemployed and employable worker has all the facilities of the National Employment Service.

Mr. SPENCER: I have a general question. Am I correct in saying that the enforcement branch relates to the investigation of claims filed and the audit branch relates to the investigation of contributions by employers, is that right?

Mr. MCGREGOR: Yes.

Mr. SPENCER: Could I have the relative number of employees in each one of those branches?

Mr. BISSON: I think we can get that information for you. I have not it available at the moment.

Mr. COOPER: Mr. Chairman, is the board considering bringing farm labour under unemployment insurance? We are finding it difficult when we go to Saskatoon or Regina to hire farm labour. They will not go out to the farm for two reasons—first, they are hired for eight months and then harvest is over and they are laid off and they cannot collect unemployment insurance. Second is the Compensation Act. Is there any consideration given to bringing farm labour under those acts?

Mr. STARR: As far as the workmen's compensation acts are concerned they would be governed by provincial workmen's compensation.

Now, as to the first part of your question, "has any consideration been given to bringing farm labourers under the Unemployment Insurance Act", I would say, yes, we are giving it very, very serious consideration at the moment. A few years ago there was some antagonism on the part of farmers as regards coming under the Unemployment Insurance Act. However, this attitude has changed. The opposition which they displayed a few years ago and their attitude has also changed in that respect due mostly to the fact that the employer is unable to obtain suitable farm labour.

We are studying it as a whole and piecemeal. When I say piecemeal we are studying the possibilities of bringing in certain segments one at a time under the Unemployment Insurance Act.

Mr. COOPER: A few years ago they were opposed to this but now all the organizations including farm labour want to be brought into this.

Mr. STARR: Yes. We have had many representations with regard to including them.

Mr. MUIR (*Cape Breton North and Victoria*): While I realize there are individuals who will try to get ahead, to use that expression, of the Unemployment Insurance Commission, has there been occasions when someone, through no fault of their own, was paid benefits because of an error on the part of a member of the Unemployment Insurance Commission staff? I am speaking of a case where through no fault of the individual, but because of an error on the part of an official of the Unemployment Insurance Commission, the individual received benefits that he was not entitled to. What is the position in that event?

Mr. BISSON: We try to recover the full amount by asking the man to pay it all at once. If he cannot pay the complete amount, and if he is working, we try to recover it by weekly instalments or out of future benefits.

Mr. MITCHELL: I understand that an individual drawing unemployment insurance is required to present himself to the local office once a week, is that correct?

Mr. RUTHERFORD: Yes.

Mr. MITCHELL: I am speaking of local conditions.

Mr. RUTHERFORD: Yes.

Mr. MITCHELL: In regard to an individual who lives some distance from the office, how often is he required to report, and how are his warrants handled?

Mr. MCGREGOR: As a rule if the cost of return transportation from his home to the local office is not more than 40 cents he must report once a week in person. If the cost of return transportation from his home to the office is more than 40 cents he reports by mail once every two weeks.

Mr. MITCHELL: Once every two weeks?

Mr. MCGREGOR: Once every two weeks.

Mr. MITCHELL: Thank you.

Mr. HOUCK: I move the item be carried and that we adjourn.

Item agreed to.

On supplementary item 573:

#### UNEMPLOYMENT INSURANCE COMMISSION

Item No. 573. (Supplementary). Administration of the Unemployment Insurance Act, including expenditures incurred in connection with other duties and responsibilities assumed and carried out as required by the Governor in Council on the recommendation of the Minister of Labour in accordance with section 4 of the Act—Further amount required ..... \$1,489,434

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I think we should leave this open until our next meeting. This is a very important subject and I have one or two questions to ask in regard to it.

The CHAIRMAN: We were 15 minutes late in starting this morning and I would like to recover that time if possible. Perhaps you could ask your questions now so that we can finish this today.

Mr. BROWNE (*Vancouver-Kingsway*): I would like to know if there has been any consideration given to making provisions for increasing the amounts of the benefits that are received under the act, and considerations, perhaps, with a view to raising the contributions, if necessary, to give extended benefits. There has been quite a demand on the part of labour for these increases.

Mr. STARR: Those aspects are being considered now very actively, I might say.

We are also considering the addition of higher categories for benefits.

Mr. SPENCER: Mr. Chairman, was there a delegation from Windsor that came to Ottawa recently to see the minister in regard to special difficulties involved in administering the act?

Mr. STARR: I am not aware that a delegation presented that aspect. I am sorry. There was a small delegation that presented difficulties arising from a situation where persons had been working on full time for a number of years. Then in the last two years had been working on shorter time and the average is taken, thereby depriving them of a full claim.

Mr. SPENCER: That is what I had reference to.

Mr. STARR: The Unemployment Insurance Commission is giving consideration to this difficulty in an attempt to find a more satisfactory way of doing it.

Mr. SPENCER: Did they make some suggestions in regard to the mechanics involved?

Mr. STARR: I am not sure that they made any suggestions as to the mechanics. They left it up to the commission to work out, but they did bring it to our attention.

The CHAIRMAN: Does item 573 in the supplementary estimates carry?

Item agreed to.

Our next meeting will be on Friday morning at 9 o'clock. Please try to be present on time because we lost a lot of valuable time this morning before we could get started.

We ought to be able to finish with these estimates on Friday morning.

The committee adjourned.



Can. Soc. Canada, Industrial Relations  
Can Com Standing Committee, 1958  
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HOUSE OF COMMONS

First Session—Twenty-fourth Parliament  
1958



STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

*Chairman:* R. H. SMALL, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

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DEPARTMENT OF LABOUR ESTIMATES, 1958-59

Including Index of Items considered  
and Report to the House

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FRIDAY, JULY 25, 1958

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WITNESSES

Hon. Michael Starr, Minister of Labour; *and from the Unemployment Insurance Commission:* Mr. W. Thomson, Director for Employment Service.

EDMOND CLOUTIER, C.M.G., O.A., D.S.P.  
QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1958

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

Chairman: R. H. Small, Esq.,

Vice-Chairman: T. Ricard, Esq.,

and Messrs.

Allmark,  
Beech,  
Benidickson,  
Bourdages,  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Cooper,  
Deschatelets,  
Drouin,  
English,  
Grafftey,

Granger,  
Houck,  
Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex-East*),  
Martini,  
McDonald  
(*Hamilton South*),

McWilliam,  
Mitchell,  
Muir (*Cape Breton North  
and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Skoreyko,  
Smith (*Winnipeg North*),  
Spencer,  
Stanton,  
Weichel—35.

M. Slack,  
Clerk of the Committee.

## REPORT TO THE HOUSE

SATURDAY, July 26, 1958.

The Standing Committee on Industrial Relations has the honour to present the following as its

### SECOND REPORT

Your Committee has considered and approved items numbered 170 to 180 inclusive, as listed in the Main Estimates 1958-59 and items numbered 571 to 573 inclusive as listed in the Supplementary Estimates for the fiscal year ending March 31, 1959, relating to the Department of Labour, referred to it by the House on July 9, 1958.

A copy of the Committee's Minutes of Proceedings and Evidence in respect thereof is appended.

Respectfully submitted,

R. H. SMALL,  
*Chairman.*





## MINUTES OF PROCEEDINGS

FRIDAY, July 25, 1958.

(4)

The Standing Committee on Industrial Relations met at 9.10 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Beech, Benidickson, Browne (*Vancouver-Kingsway*), Caron, Cooper, Grafftey, Houck, MacInnis, Martini, Ricard, Small, Spencer, Stanton, and Weichel. (14)

*In attendance:* The Honourable Michael Starr, Minister of Labour; *From the Department of Labour:* Messrs. A. H. Brown, Deputy Minister; G. Schonning, Economics and Research Branch; J. Francis, Economics and Research Branch; P. R. Parent, Director of Administration; W. W. Dawson, Director of Special Services; A. MacDonald, Special Services Branch.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; J. Thomson, Director Employment Service; J. McGregor, Director of Insurance and W. K. Rutherford, Director of Administration.

The Committee resumed consideration of the Main and Supplementary Estimates 1958-59 relating to the Department of Labour.

Item 180—To provide for the transfer of labour to and from places where employment is available—was called and Mr. W. Thomson having been introduced to the members of the Committee was questioned.

Item 180 was adopted.

The Committee reverted to further consideration of Item 170—Departmental Administration.

Item 170 was adopted.

The Chairman thanked the officials for their assistance and co-operation.

The Committee continued *in camera* for the purpose of deliberating on its report to the House. A draft report was presented to the Committee, considered and adopted, and the Chairman instructed to present it as the Committee's Second Report to the House.

At 9.30 a.m. the Committee adjourned to the call of the Chair.

M. Slack,

*Clerk of the Committee.*





## EVIDENCE

FRIDAY, July 25, 1958.

9:00 A.M.

The CHAIRMAN: Gentlemen we have a quorum.

The last item we have to consider is item No. 180.

### UNEMPLOYMENT INSURANCE COMMISSION

Item No. 180. To provide for the transfer of labour to and from places where employment is available and expenses incidental thereto, in accordance with regulations of the Governor in Council ..... \$75,000

The CHAIRMAN: Mr. Thomson, the official in charge of this department, is here. We will follow the usual procedure and have him outline the department's operation.

Mr. W. THOMSON (*Director, Employment Branch, Unemployment Insurance Commission*): Mr. Chairman and gentlemen this item is to provide for transportation of labour to and from places where employment is available, and expenses incidental thereto.

Most of the moneys provided are used in regard to advancing the cost of transportation on behalf of employers to employees, and it is later repaid.

This item also covers the expenses involved in moving workers from labour surplus areas. There are five labour surplus areas in Canada at the present time.

Hr. HOUCK: Does the employee repay that money?

Mr. THOMSON: Not in regard to the second item. This is not a repayment system. We provide for the cost of transporting workers, their dependents and their household-effects.

There are certain precautions taken in this regard. The most important precaution taken is to make sure that a worker is not in a position to pay for his own transportation. The second precaution we take is in regard to the duration of the job—it should be at least six months.

The whole idea of this arrangement is the resettlement of these workers.

At the present time there are five labour surplus areas in Canada. There are two areas in Ontario-Windsor and Tilbury, and the other areas are Springhill, New Glasgow and St. Stephen. These areas are designated labour surplus areas by the Minister of Labour in conjunction with the Unemployment Insurance Commission.

Mr. CARON: Do workers have to accept transfers from one city to another?

Mr. THOMSON: No.

Mr. CARON: This is a voluntary thing?

Mr. THOMSON: That is right.

Mr. HOUCK: Are the workers assured housing accommodation when they arrive?

Mr. THOMSON: No, there is no provision for accommodation. We actually move the worker first and leave it up to him to find accommodation, and then his wife and household effects are moved when he has obtained accommodation. This usually happens after the worker himself has been moved.

Hon. MICHAEL STARR (*Minister of the Department of Labour*): Mr. Thomson, would you elaborate on the first aspect of the movement? You have just explained the movement of a worker from an area that has been declared, by order in council, as a labour surplus area.

Mr. THOMSON: The bulk of this item is taken up in the advancing of transportation to employees on behalf of employers.

Our clearance machinery is very much involved in this and I think perhaps I should take a few minutes to explain that.

If an employer gives us an order for an employee—he has a vacancy which cannot be filled locally—we will ask him, if we are unable to fill the order, if we can place this order in our clearance. This order will be placed first at the adjacent offices and then to other offices in the province, and finally to the all-Canada wide offices.

Very often the employer will ask us to advance the cost of transportation to the worker so that he can be moved. In such cases the employer, as I say, reimburses us for such an advance.

That operation accounts for the bulk of this item.

Mr. CARON: In a case such as you have explained the worker has to reimburse the Unemployment Insurance Commission for the cost of that move?

Mr. THOMSON: In most cases he does. The employer usually deducts it from his wages. There are certain occasions when an employer will pay the cost of the transportation.

Mr. HOUCK: Mr. Chairman, could I ask the minister who designates labour surplus areas?

Mr. STARR: The minister does so by order in council after it has been established that these areas have a good deal of unemployment and that there is no possibility of local industry absorbing these unemployed persons. When a person wishes to move and has a job in some other area but has no means of meeting the cost of his transportation from the labour surplus area, we pay all his expenses.

Mr. CARON: Has it been found rather easy to find employment in other parts of the country?

Mr. THOMSON: No, we have found this rather difficult.

Finding employment is easy in some cases where a large plant has closed down and all the employees are qualified and skilled. In that event we find it relatively easy to place them. In regard to unemployed persons who are relatively unskilled it is difficult to find places to move them to.

We have moved the bulk of these people from New Glasgow and Springhill to other mining areas in the maritimes.

Mr. MACINNIS: Did the Dominion Coal Company come within this first category following the Springhill disaster?

Mr. THOMSON: The Dominion Coal Company came under the second category. There was a number of workers moved from Springhill to Sydney.

Mr. MACINNIS: This was not at the request of the company?

Mr. THOMSON: Oh, no. This happened as a result of requests from individuals at a cost to the dominion government rather than the company.

I would like to say in regard to the use of this money that it is not really an expenditure, it is actually a revolving expenditure. The money is advanced on behalf of an employer and repaid later, so it is not really an expenditure as it is in the case of the second illustration I gave.

Mr. BEECH: I hear farmers complaining that they cannot get much help.

Mr. THOMSON: In regard to farm labour we do move on a regular basis about 20,000 people per year. This movement does not come within this item at all, that is a dominion-provincial arrangement. There are various movements to take care of harvesting, and so on, but that is not covered in this item.

Mr. SPENCER: Do you move unemployed persons from one surplus area to other surplus areas?

Mr. THOMSON: No, I have no knowledge of that happening.

Mr. SPENCER: You would not move unemployed persons from Windsor to Toronto?

Mr. THOMSON: Toronto is not designated as a surplus area. We would definitely move people from Windsor.

Mr. MACINNIS: According to this arrangement you could move unemployed persons from Windsor to Toronto?

Mr. THOMSON: Yes, indeed.

Mr. MACINNIS: Windsor is a designated surplus area.

Mr. THOMSON: There are only two designated surplus areas in Ontario; Windsor and Tilbury.

Mr. MACINNIS: In regard to this movement of harvesters, I have in mind the movement of potato pickers to Prince Edward Island. I suppose that movement does not come under this item? Would that be a provincial arrangement?

Mr. THOMSON: This is a dominion-provincial arrangement.

Mr. MACINNIS: Yes.

Mr. GRAFFTEY: Mr. Chairman, the local offices always have, as I understand, booklets explaining the ramifications of the laws to the various employees and workers that they encounter. At the same time, I would like to know if there are continuous studies underway in an attempt to simplify the basic principles of the law so that the average worker can understand them?

I know that by the very nature of this it is complicated.

Mr. THOMSON: Are you referring to the Unemployment Insurance Act?

Mr. GRAFFTEY: I am referring to the law and the act. I have read this act myself and find it rather complex and difficult to follow. I was wondering if it was considered that there were certain basic principles that should be driven home more often to the labouring public at large?

Mr. RICARD: The Unemployment Insurance Commission places articles in newspapers.

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): Yes, by different methods we attempt to make our act understandable.

The CHAIRMAN: The Unemployment Insurance Commission does send out monthly brochures in regard to the general labour situation. These brochures also cover the unemployment phase, if I remember correctly.

Mr. HOUCK: Mr. Chairman, I am surprised that a lawyer would want anything simplified.

Mr. GRAFFTEY: Maybe a lawyer drafted this.

Item 180 agreed to.

The CHAIRMAN: Gentlemen, you will remember that we left item No. 170 open in the event that there were further questions you would like to ask in that regard.

#### GENERAL ADMINISTRATION

Item No. 170. Departmental Administration, including grants as detailed in the Estimates and the expenses of the International Labour Conferences (also includes the former Labour Gazette). Women's Bureau and Manpower Utilization

Votes ..... \$1,067,166



Mr. HOUCK: Can we ask any questions in regard to that, Mr. Chairman, or would you rule us out of order?

The CHAIRMAN: We have left this item completely open.

Mr. HOUCK: There is one question, Mr. Chairman, on which you will probably rule me out of order here. However, I am becoming used to being ruled out of order and I expect it.

I did bring this question up last night in regard to the bill, but I will try to rephrase my question so that it does not pertain directly to that bill. I will direct this question to the minister.

In the event that a man was on strike and after the strike was settled he returned to his former employment, in what category would he be in respect of his unemployment insurance? I am thinking of the steamships' strike on the west coast.

When these employees returned to their ships, in what category will they be as far as their unemployment insurance is concerned?

Mr. STARR: They will revert to their normal unemployment insurance status. The stamps will be provided for the weeks they have worked except during the period of the strike. There will be that period for which stamps will not be put into the books.

Mr. HOUCK: That is the question I wanted answered.

Mr. STARR: In other words they will lack those contributions.

Mr. STANTON: The spaces in the unemployment insurance books will be vacant for those periods?

Mr. STARR: Yes.

Mr. BEECH: Will these employees be allowed to make double contributions?

Mr. STARR: No.

Item No. 170 agreed to.

The CHAIRMAN: First of all I would like to thank the members of this committee for their patience and diligent attention, and also for their attendance. The attendance has not been too good in some cases but in the majority it has been all right.

I would also like to thank the minister, Mr. Browne and the officials who have been in attendance for their consideration in regard to the questions that have been asked of them. We have not been able to stump them on any question yet. They have been very cooperative and very helpful. I would therefore, on behalf of the committee, tender our appreciation and thanks.

Mr. HOUCK: Mr. Chairman, I think the other members of this committee will back me up when I say that of our whole governmental system, the Unemployment Insurance Commission has one of the most difficult tasks to perform. I believe they are dealing with these very difficult and intricate problems every day, and I know from my experience in the Niagara Falls area that the problems with which they are confronted almost hourly are very difficult. I think the Unemployment Insurance Commission is doing a splendid job keeping in mind that they are working under difficulties with very great problems.

The CHAIRMAN: Thank you Mr. Houck.

We have now concluded our public hearings. The remainder of this session will be held in camera. If the officials would retire now we will consider our report.

—The committee adjourned.

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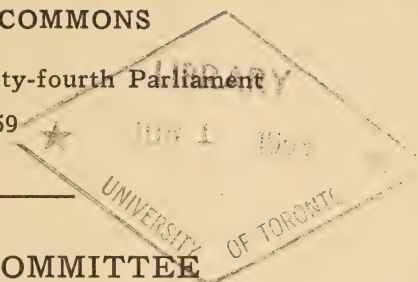
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Canadian Industrial Relations  
Standing Committee, 1959

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959



STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

Chairman: R. H. SMALL, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

Industrial Relations Committee

Bill No. C-43

An Act to amend the Unemployment Insurance Act

TUESDAY, FEBRUARY 17, 1959

TUESDAY, MAY 19, 1959

WITNESSES:

*From the Canadian Construction Association:* Messrs. George S. C. McNee, Acting General Manager; T. C. Urquhart, Representative, Unemployment Insurance Advisory Committee; Raymond Brunet, O.B.E., Past President; and Allan C. Ross, Past President.

*From the Unemployment Insurance Commission:* Mr. James McGregor, Director of Unemployment Insurance.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1959

STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

*Chairman:* R. H. Small, Esq.,

*Vice-Chairman:* T. Ricard, Esq.,

and Messrs.

Allmark,  
Beech,  
Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Deschatelets,  
Drouin,  
Graftey,  
Granger,

Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McWilliam,  
Mitchell,

Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Ricard,  
Skoreyko,  
Simpson,  
Small,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
*Clerk of the Committee.*



## ORDERS OF REFERENCE

HOUSE OF COMMONS,  
TUESDAY, February 10, 1959.

*Resolved*,—That the following Members do compose the Standing Committee on Industrial Relations:

Messrs.

Allmark,	Lafrenière,	Nasserden,
Bell ( <i>Saint John-Albert</i> ),	Lahaye,	Noble,
Benidickson,	Loiselle,	Peters,
Bourdages,	MacInnis,	Pigeon,
Brassard ( <i>Lapointe</i> ),	MacLean ( <i>Winnipeg North Centre</i> ),	Ricard,
Browne ( <i>Vancouver-Kingsway</i> ),	Mandziuk,	Skoreyko,
Caron,	Martini,	Small,
Deschatelets,	McDonald ( <i>Hamilton South</i> ),	Smith ( <i>Winnipeg North</i> ),
Drouin,	McWilliam,	Spencer,
Grafftey,	Mitchell,	Stanton,
Granger,	Muir ( <i>Cape Breton North and Victoria</i> ),	Thrasher,
Houck,	(Quorum 10)	Weichel—35.

MONDAY, February 9, 1959.

*Ordered*,—That the said Committee be empowered to examine and inquire into all such matters and things as may be referred to it by the House, and to report from time to time its observations and opinions thereon, with power to send for persons, papers and records.

TUESDAY, February 17, 1959.

*Ordered*,—That the Standing Committee on Industrial Relations be empowered to print, from day to day, such papers and evidence as may be ordered by it, and that Standing Order 66 be suspended in relation thereto; and that the said Committee be granted leave to sit while the House is sitting.

THURSDAY, May 14, 1959.

*Ordered*,—That the names of Messrs. Beech and Simpson be substituted for those of Messrs. Nasserden and Weichel respectively on the Standing Committee on Industrial Relations.

*Ordered*,—That Bill C-43, An Act to amend the Unemployment Insurance Act, be referred to the said Committee.

FRIDAY, May 15, 1959.

*Ordered*,—That the name of Mr. Martin (*Essex East*) be substituted for that of Mr. Houck on the said Committee.

*Attest*.

LÉON J. RAYMOND,  
*Clerk of the House.*

## REPORT TO THE HOUSE

TUESDAY, February 17, 1959.

The Standing Committee on Industrial Relations has the honour to present the following as its

## FIRST REPORT

Your Committee recommends:

1. That it be empowered to print, from day to day such papers and evidence as may be ordered by the Committee and that Standing Order 66 be suspended in relation thereto.
2. That it be granted leave to sit while the House is sitting.

Respectfully submitted,

R. H. SMALL,  
*Chairman.*

## MINUTES OF PROCEEDINGS

TUESDAY, February 17, 1959.

The Standing Committee on Industrial Relations met at 9.35 a.m. this day for organization purposes.

*Members present:* Messrs. Allmark, Bell (*Saint John-Albert*), Benidickson, Caron, Lahaye, MacInnis, Mandziuk, Martini, McWilliam, Noble, Pigeon, Small, Smith (*Winnipeg North*), and Stanton—(14).

Mr. Stanton moved, seconded by Mr. Smith (*Winnipeg North*), that Mr. R. H. Small be the Chairman of the Committee.

There being no further nominations, Mr. Small was declared duly elected as Chairman.

The Chairman thanked the Committee for the honour conferred on him.

On motion of Mr. Pigeon, seconded by Mr. Bell (*Saint John-Albert*),  
*Resolved*,—That Mr. Ricard be Vice-Chairman of the Committee.

On motion of Mr. Bell (*Saint John-Albert*), seconded by Mr. Pigeon,  
*Resolved*,—That a Sub-Committee on Agenda and Procedure comprised of the Chairman and six members, to be named by him, be appointed.

Moved by Mr. Mandziuk, seconded by Mr. Pigeon, that leave be asked to sit while the House is sitting.

Carried on division.

On motion of Mr. Pigeon, seconded by Mr. Smith (*Winnipeg North*),  
*Resolved*,—That permission be sought to print, from day to day, such papers and evidence as may be ordered by the Committee.

At 9.50 a.m., the Committee adjourned to the call of the Chair.

TUESDAY, May 19, 1959.

(2)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Bell (*Saint John-Albert*), Browne (*Vancouver-Kingsway*), Grafftey, Lahaye, Loiselle, MacLean (*Winnipeg North Centre*), Mandziuk, Martin (*Essex East*), McWilliam, Mitchell, Peters, Ricard, Simpson, Small, Smith (*Winnipeg North*), Stanton, and Thrasher—(17).

*In attendance: From the Canadian Construction Association:* Messrs. T. C. Urquhart, Representative on Unemployment Insurance Advisory Committee; Allan C. Ross, Past President; Raymond Brunet, O.B.E., Past President; George S. C. McNee, Acting General Manager, Peter Stevens and J. Harold Brown, Staff Members.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; C. A. L. Murchison, Commissioner; James McGregor, Director of Unemployment Insurance, C. Dubuc, Director, Legal Branch.



*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Chairman announced the composition of the Sub-committee on Agenda and Procedure comprising the following members: Messrs. Small, Ricard, Muir (*Cape Breton North and Victoria*), Smith (*Winnipeg North*), Benidickson, Mitchell, and Peters.

On motion of Mr. Browne (*Vancouver-Kingsway*), seconded by Mr. Stanton,

*Resolved*,—That the Committee print, from day to day, 750 copies in English and 250 copies in French of its Minutes of Proceedings and Evidence in relation to Bill C-43—An Act to amend the Unemployment Insurance Act.

The Chairman read the Committee's Order of Reference.

The Committee proceeded to the consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Chairman read the list of Organizations wishing to appear before the Committee and announced it would be referred to the Steering Committee.

The Chairman called Mr. George McNee who, in turn, introduced the members of his delegation.

Copies of a brief prepared by the Canadian Construction Association were distributed to the members of the Committee.

Mr. McNee read the brief of the Canadian Construction Association; Mr. Urquhart then made a short statement, and was questioned.

Discussion arose as to whether Mr. Urquhart could be questioned in the dual capacity as member of the Unemployment Insurance Advisory Committee and as a representative of the Canadian Construction Association. It was decided that Mr. Urquhart would testify as a representative of the Canadian Construction Association.

*Agreed*,—That the Canadian Manufacturers Association and the Canadian Chamber of Commerce would be heard on Thursday, May 21st.

At 11.00 o'clock, Mr. Urquhart's questioning still continuing, the Committee adjourned to the call of the Chair.

## EVENING SITTING

(3)

The Standing Committee on Industrial Relations resumed at 8.00 p.m., the Chairman, Mr. R. H. Small, presiding.

*Members present:* Messrs. Bell (*Saint John-Albert*), Browne (*Vancouver-Kingsway*), Caron, Graftey, MacInnis, MacLean (*Winnipeg North Centre*), Mandziuk, Martin (*Essex East*), Mitchell, Peters, Pigeon, Ricard, Simpson, Small, Smith (*Winnipeg North*), Spencer, and Stanton—(17).

*In attendance:* *From the Canadian Construction Association:* (same as at morning sitting). *From the Unemployment Insurance Commission:* Messrs. James McGregor, Director of Unemployment Insurance. *From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

Mr. Urquhart supplied answers to questions asked at the morning meeting, and was questioned together with Messrs. Brunet and Ross.

The questioning concluded, the Chairman thanked the delegation from the Canadian Construction Association for their presentation.

The Chairman then called Messrs. McGregor and Humphrys who reviewed various aspects of the Unemployment Insurance fund.

Copies of the "Unemployment Insurance Commission Financial and Statistical Statements 31 March 1959" were distributed to members of the Committee.

Messrs. McGregor and Humphrys were questioned and then retired.

Mr. Martin (*Essex East*) requested that the minutes of the meeting of the Unemployment Insurance Commission Advisory Committee of August 26, 1958 be produced before this Committee. The Chairman took the request under advisement.

At 10.00 p.m., the Committee adjourned until 11.00 a.m. Thursday, May 21.

M. Slack,  
*Clerk of the Committee.*





## EVIDENCE

TUESDAY, May 19, 1959  
9:00 a.m.

The CHAIRMAN: We now have a quorum. We will open our proceedings.

I think that, first of all, we should dispose of our preliminary business. At our last meeting the matter of the composition of the steering committee was left to the chairman. I suggested the names of Messrs. Small, Ricard, Muir (*Cape Breton North and Victoria*), Bell (*Saint John-Albert*), Benidickson, Peters and Smith (*Winnipeg North*). There has been a change in the committee. I had some others in mind but I thought we might wait until we see who is wanted on the steering committee.

Mr. MARTIN (*Essex East*): I would nominate Mr. Mitchell.

Mr. MITCHELL: I am on enough committees now.

Mr. MARTIN (*Essex East*): When do you plan to have the first meeting of the steering committee?

The CHAIRMAN: If we are through in time, we will have it today; if not, we will arrange for a later meeting.

Mr. MITCHELL: I will act pro tem in any event.

The CHAIRMAN: Thank you, Mr. Mitchell.

May we have a motion to print 750 copies in English and 250 copies in French of our proceedings and evidence?

Moved by Mr. Browne (*Vancouver-Kingsway*) and seconded by Mr. Stanton.

Agreed to.

The CHAIRMAN: The order of reference is that Bill C-43, an Act to amend the Unemployment Insurance Act be referred to the said committee.

We have a list of organizations which have asked to appear before this committee. The steering committee will have to determine their order of appearance. The organizations which have asked to appear are as follows: The Canadian Labour Congress, the Canadian and Catholic Confederation of Labour, Canadian Retail Federation, Canadian Chamber of Commerce, Canadian Banker's Association, Halifax Construction Association, Canadian Manufacturers' Association, Canadian Construction Association, Canadian Pulp and Paper Association, Simpson Sears Limited, T. Eaton Company, Limited, International Railway Brotherhoods—National Legislative Committee, and the United Mine Workers of America, and the Board of Trade of Metropolitan Toronto.

We have asked the Canadian Construction Association to appear before us today. We have Mr. George S. C. McNee, who is acting general manager. Mr. McNee, would you introduce your delegation.

Mr. GEORGE S. C. MCNEE (*Acting General Manager, Canadian Construction Association*): Mr. Chairman and gentlemen, we have Mr. T. C. Urquhart, Canadian Construction Association representative on the national unemployment insurance advisory committee; Mr. Allen C. Ross of Ottawa, C.C.A. past president, and Mr. Raymond Brunet of Hull who is also a past president. We have Mr. Peter Stevens, labour relations officer of the Canadian Construction Association, and Mr. J. Harold Brown, legal officer.

Mr. Chairman and members, the Canadian Construction Association greatly appreciates this opportunity to comment on proposed legislation contained in Bill C-43, an Act to amend the Unemployment Insurance Act.

The Canadian Construction Association is the national trade association serving the Canadian construction industry which is Canada's largest and as such is the national spokesman for the industry. Its membership is over 1,200 and includes general contractors, road builders, trade contractors, manufacturers and suppliers of construction materials and equipment, members of the allied professions and over fifty affiliated construction organizations. The industry carried out a program of over \$7 billion in 1958 representing over 20 per cent of Canada's gross national product and accounting for one dollar in every five that goes circulating through the national economy for end goods and services. It provides direct employment to over 600,000 Canadians and to an even greater number in the manufacturing, transporting, and merchandising of construction materials and equipment.

For some time now our association has been concerned over several developments in the unemployment insurance scheme. The association has recently, in view of this bill, adopted a motion recommending that no amendments be made to the Unemployment Insurance Act which had not previously been studied and approved by the unemployment insurance advisory committee and, indeed, that no major amendments be made until the whole scope of the present act is carefully reviewed and reported on by an impartial body which contains or can call upon independent expert advice.

The considerations prompting the members of the association to endorse this motion were:

(1) The misuse of unemployment insurance funds for the payment of benefits to claimants affected by labour disputes—both strikes and lock-outs—must be prevented through provisions of the act. Otherwise such practice will inevitably have most dangerous effects on collective bargaining and indeed on the entire field of labour relations across Canada.

(2) The revised schedule for higher non-deductible earnings as per section 15 of this bill and the increased period for benefits will tend to destroy the incentive to seek and obtain work.

(3) The present wording of the act with reference to eligibility qualifications has many ambiguities which make it extremely difficult for the local offices to prevent abuses.

(4) The extension of the plan in recent years whereby additional occupational groups of employees have been included and by which benefit periods were increased in length has thrown the unemployment insurance fund into jeopardy, to the detriment especially of those categories of employees and employers who have been long-term compulsory subscribers.

(5) The scheme has departed from its original concept of an actuarially sound insurance plan designed to tide employees over periods of temporary unemployment. Generally speaking, the operating deficits in recent years may be attributed to the above-mentioned extensions of both coverage and benefits.

(6) The proposed increase in contributions may not be sufficient to put the scheme in financial balance in view of the fact that the government also wishes to increase the schedule of benefits and lengthen the benefit period.

(7) The unemployment insurance advisory committee recommended that any increase in rates of contribution should be borne by the government from general revenues since they could be classified as general welfare measures rather than burden workers and employers with paying for the new features. The government's proposal that participating companies and their employees pay larger contributions will result in a considerable increase in labour costs. This will not only affect employers directly insofar as their contributions are

concerned, but will also have a tendency to increase the pressure for higher wages so that employees will not have a reduction in their take-home pay due to increased payments to the unemployment insurance fund. Whereas the government has resisted pay increases to the civil service and armed forces on the grounds that such action would have an inflationary tendency, the new proposals will have just that effect.

(8) The average increase in construction contractors' contributions will not only amount to 30 per cent but to about 50 per cent of the rate now being paid. This is due to the high hourly wage rate level in the construction industry. This will cause a particularly difficult problem for contractors engaged in carrying out long-term lump sum construction contracts.

(9) The unemployment insurance advisory committee only meets infrequently (last meeting in August, 1958) and has not had an opportunity to consider all of the proposals contained in this bill.

It is hoped that these representations will commend themselves to you.

Respectfully submitted by our president, Mr. J. E. Harrington and Mr. T. C. Urquhart.

The CHAIRMAN: Thank you, Mr. McNeed.

Mr. T. C. URQUHART (*Unemployment Insurance Advisory Committee, Canadian Construction Association Representative*): I understood that you would probably like to ask some questions in respect of this brief. Our time was short and we could not go into it in too much detail.

Last week in Toronto, the umpire acting for the Unemployment Insurance Commission in connection with the claim from a number of construction workers who were out of work for a period of two months decided that these men were eligible for benefits under the Unemployment Insurance Act. To the best of my knowledge, there were approximately 5,000 men involved. They are going to be paid for a period of approximately 8 weeks. We in the C.C.A. do not think this is a legitimate benefit as far as unemployment insurance is concerned. In other words, it is helping an individual who—or an owner or employer—who wants to start a strike or walkout. It has nothing to do with unemployment insurance. We do not feel the act should be interpreted in such a way that this is possible. We do not think that these persons should properly be paid.

Mr. BROWNE (*Vancouver-Kingsway*): I think it would be very difficult for us to deal in this committee with any individual case. Surely it is the intent of the act that anybody unemployed as a result of a labour dispute is not entitled to unemployment insurance. It would seem that that particular complaint, unless there are more than that, is a matter for the commission to deal with. It is not a fault of the act as I see it, because as far as I am aware anybody who goes out on strike or lock-out is not entitled to get any benefit.

Mr. URQUHART: As we said further down in the next item, item number three:

(3) The present wording of the act with reference to eligibility qualifications has many ambiguities which make it extremely difficult for the local offices to prevent abuses.

This is one of the things where we feel that in the proposals of the act at the present time you are increasing the benefits all the time and it is going to cost more money. Therefore we feel that the whole act should be thoroughly gone over to remove certain ambiguities.

After saying that an insured person who has lost his employment due to a stoppage of work is not eligible, they go on to say that an insured person is not disqualified if he loses employment because of a labour dispute, so one negates the other.



Mr. BROWNE (*Vancouver-Kingsway*): How far do you feel it should go if it is something particularly bad? My view is that the decisions which so far have been made by the commission tend to give—I have felt that in many instances the people were so far removed from the strike and rendered ineligible because of it, that it has gone too far in that direction, and that it has been too difficult for the people, because they have been very far removed from the strike. I do not think that the people who have been involved in the strike and lock-out have been getting it too easily.

Mr. URQUHART: I think that is a hard point to say. I have been in labour negotiations in the construction industry for quite some time. We have found with such things as this it is possible to prolong a strike, which we feel unnecessary. We have no objections on the employer's side to enter into negotiations with labour as long as they continue to work. But not when they go out and force a stoppage of work and force hardship on people—I am not talking about the company—but not so long ago we had a strike which stopped schools from being built. Those schools were penalized. Therefore children were kept out of school for several months due to that. Therefore, if through this act people can prolong work stoppage, I do not think it is in the interests of the country as a whole.

Mr. PETERS: This is strictly an opinion, as to what you think a strike should be involved in, and what it should not, or what field it should be. I am quite interested in what these ambiguities are. I agree that there are certain sections which have been hard to enforce; but I would like to know what your association considers some of these specific ambiguities to be.

Mr. URQUHART: They had one specific one in clause 63-1 of the act, and as indicated by 63-2. I do not think we are smart enough, or have all the knowledge, that we could go down point by point. We are saying in another item that we feel a committee should be set up to study the act bit by bit, item by item. Now, if it is the intention of this committee, or the desire of this committee to ask for it, we have other bodies—there are other bodies who want to appear, and I imagine they will follow through from what we are attempting to say here today.

The CHAIRMAN: In other words, you are not referring to clause 63. You want it spelled out more definitely than that?

Mr. URQUHART: That is one specific item. We cannot pick out each and every one. But during the period I have served on the advisory committee and the dealings we have had with your staff—I cannot speak too highly about what they have done in attempting to interpret this bill.

Mr. MARTIN (*Essex East*): Do you mean the advisory committee on unemployment insurance?

Mr. URQUHART: Yes.

Mr. MARTIN (*Essex East*): Are you on that committee?

Mr. URQUHART: Yes, we cannot speak too highly of what they have given us. We can see their difficulties in interpreting the wording of the act as a whole, and when you apply it to specific items. But again I find we are constantly—as members of the C.C.A.—criticized by our members throughout the country as to why people collect so much from the unemployment insurance fund when they are not eligible. Without going into specific cases, there is always some wording in there whereby the local officer feels he is entitled to allow them to become eligible for benefits.

Mr. MACLEAN (*Winnipeg North Centre*): Would you agree that there has to be a certain degree of flexibility in regard to the eligibility qualification?

Mr. URQUHART: It is impossible to make a hard and fast line. There are many cases, specific instances which are brought up, which I think could

possibly be got at through a reference to your staff. I mean, I am sure they are much more familiar with it than any outsider who gets complaints from the employer.

Mr. MARTIN (*Essex East*): How long have you been on the advisory committee?

Mr. URQUHART: For about two and a half years.

Mr. MARTIN (*Essex East*): When was the last time you sat on that committee?

Mr. URQUHART: Last August.

Mr. MARTIN (*Essex East*): That was the last time the advisory committee met?

Mr. URQUHART: Yes, that was the last time it was called.

Mr. MARTIN (*Essex East*): What features in the present bill, bill C-43, were then before this advisory committee?

Mr. URQUHART: The major item which they approved was the raising of the ceiling from \$4,800 to \$5,460.

Mr. MARTIN (*Essex East*): Were the proposed rates of contribution before you?

Mr. URQUHART: Yes, the proposed rates of contribution were before us; and while members on the management side of the advisory committee had no serious objection to them, they felt that if they did agree to them, the government, out of the general fund, should also contribute an additional amount. The labour members on the advisory committee were dead set against it, unless they could get a corresponding increase in benefit, a lengthening of the period when benefits would be paid.

Mr. MARTIN (*Essex East*): Is it not a fact that the committee was unanimous in urging that the government contribution be increased to one half of the total contribution of the employers and the workers?

Mr. URQUHART: Yes, I would say that that was so.

Mr. MARTIN (*Essex East*): This reference in the third paragraph of your brief is your recommendation, and it is that no change in the Unemployment Insurance Act should be made without such change being submitted to the committee. The third paragraph of your brief reads as follows:

For some time now our association has been concerned over several developments in the unemployment insurance scheme. The association has recently, in view of this bill, adopted a motion recommending that no amendments be made to the Unemployment Insurance Act which had not previously been studied and approved by the unemployment insurance advisory committee, and, indeed, that no major amendments be made until the whole scope of the present act is carefully reviewed and reported on by an impartial body which contains or can call upon independent expert advice.

Mr. URQUHART: Yes. That is what I said earlier. We are not in a position, not as an individual organization, to pick out all the ambiguities in the act. We feel that an impartial body might at some time in close collaboration with the committee clarify the wording and still leave it flexible enough.

Mr. MARTIN (*Essex East*): Is it not enough that when other amendments were made to the Unemployment Insurance Act they were submitted to the advisory committee?

Mr. URQUHART: In previous meetings I would say the recommendations were submitted to the advisory committee, and I suppose they were eventually adopted.

Mr. MARTIN (*Essex East*): But the last amendments were not submitted to the advisory committee?

Mr. URQUHART: Not all of them.

Mr. MARTIN (*Essex East*): As a member of that committee, did you make any specific proposal with regard to the replenishment of the fund?

Mr. URQUHART: We felt that the fund was no longer on an actuarial basis.

Mr. MARTIN (*Essex East*): You said you felt that the fund was no longer on an actuarial basis. Did you make any specific proposal, as a member of of the advisory committee?

Mr. URQUHART: Yes, they felt that the rates would have to be increased in order to maintain the fund in a satisfactory condition; they felt that the rates of contribution would have to be increased, together with a contribution from the government, from the general fund.

Mr. MARTIN (*Essex East*): Is it not a fact that at a second meeting to which you refer, in August, the advisory committee took the position that there should be no changes made until such time as there was an increase in the federal contribution?

Mr. URQUHART: We did not recommend any changes in the rates of benefits, or in the period of benefit eligibility.

Mr. RICARD: At the end of the third paragraph you mention that an impartial body should review the law before it is recommended. What do you call an impartial body?

Mr. URQUHART: Some persons who have had, I suggest, actuarial experience, and also labour negotiating experience; probably members of the union as well as members of management negotiating committees, and insurance people.

Mr. RICARD: How many would be on that body?

Mr. URQUHART: We did not give that any particular thought. I know nothing about parliamentary procedure, and I imagine you people here have a good idea of how many should be put on a thing like that.

Mr. PETERS: As the unemployment insurance advisory committee is now set up, would you consider it to be impartial?

Mr. URQUHART: I did not say that it could be impartial.

Mr. PETERS: I do not mean impartial as to membership, but as a committee in itself, does it give an impartial review of particular situations? It is composed of a number of segments of our economy now, is it not?

Mr. URQUHART: I would imagine that it does give an impartial review which is relatively unbiased. I do not think the advisory committee would be in a position to sit down and go through the act item by item.

Mr. PETERS: Do you mean because they are not actuarially trained?

Mr. URQUHART: No, I would not say that. Members of the advisory committee have been appointed as representatives of large national organizations both of management and of labour. They are the people who have been appointed, or suggested should continue their contact with individual industries, not necessarily because they are actuarially trained or otherwise. I do not think the advisory committee would be a committee to review the act.

Mr. MARTIN (*Essex East*): In paragraph seven you say:

(7) The unemployment insurance advisory committee recommended that any increase in rates of contribution should be borne by the government from general revenues since they could be classified as general welfare measures rather than burden workers and employers with paying for the new features. The government's proposal that participating companies and their employees pay larger contributions will result in a considerable increase in labour costs. This will not only affect employers directly in so far as their contributions



are concerned, but will also have a tendency to increase the pressure for higher wages so that employees will not have a reduction in their take-home pay due to increased payments to the unemployment insurance fund. Whereas the government has resisted pay increases to the civil service and armed forces on the grounds that such action would have an inflationary tendency, the new proposals will have just that effect.

Do I understand that the association is opposed to any increase in the rates of contribution by employers and workers, and that whatever monies are required for the purpose of keeping this fund actuarially sound or in a state of replenishment must be borne at the present time, by the federal government?

Mr. URQUHART: That is the feeling of the Canadian Construction Association and its membership.

Mr. MARTIN (*Essex East*): And your feeling as a member of the advisory committee, is that in its unanimous report made in July of last year—your feeling was that the federal contribution should be increased to one-half of the total contribution of workers and employers?

Mr. URQUHART: Yes.

Mr. MARTIN (*Essex East*): You could be at variance with the recommendation of your own association.

Mr. URQUHART: Not necessarily, sir. At one point I could, but at another point, the Canadian Construction Association feels that if the rates of contribution of both employer and employee are increased, it would add to our unit cost of construction, whereas the additional amount contributed from the general revenue fund would be spread across the economy as a whole.

Mr. PETERS: Has the association given any consideration as to what they would consider a level at which the government would make its contribution from general revenues? In other words, would the unemployment insurance fund, as suggested, be able to carry any specific figure say, 300,000 unemployed—this being considered a normal unemployment situation, including seasonal employment—or have you given consideration as to what that level should be?

Mr. URQUHART: No, there was no definite consideration given in connection with a particular level; but when the fund reached a point of roughly \$900 million, I think it is the general feeling that was a reasonable cushion. But that was under normal circumstances, provided no additional benefits or length of the benefit periods were given; because in a period such as we have had it could cut it down very quickly. When things get bad we do not feel that you should increase either benefits or length of period of unemployment insurance under this fund.

Mr. PETERS: Would you be suggesting then that the contributed fund should be maintained at \$900 million and that any drain on the fund which would bring it lower than that should come from general revenue?

Mr. URQUHART: That was the general feeling.

Mr. GRAFFEY: I would like to refer to subparagraph 1 in paragraph 4 of your statement. How does your association differentiate between men on strike and men out of work because of a strike?

Mr. URQUHART: That is a rather difficult question to answer. I do not think that we would. In the construction industry if one or two key groups go out on strike they automatically force the other people out, and it is nearly always done with their cooperation; this is not so in all cases, but it is done.

Mr. GRAFFEY: Do you feel that the fellow who is forced out of work because of a strike should be precluded?

Mr. URQUHART: He should be precluded; otherwise, you give a further incentive to people to pull irresponsible strikes instead of going through negotiations. It is my feeling—and I think the feeling of the Canadian government and the Canadian people—that we want to negotiate; we do not want a strike. Negotiations can be carried on while the people are still working.

Mr. GRAFFTEY: In the case of a man who is released from his work because of a strike and is not on strike, do you think these facts will come to light, with very little investigation, so that he will not be prejudiced?

Mr. URQUHART: They possibly could. For instance, a continuation strike in construction would stop work for a period; it would eventually find its way into the factories and, for example, the brick plant workers would be out. If the strike continues the truck drivers of ready mix plants would be out of work. But, in connection with allied trades, I think those who refuse to cross picket lines should not be eligible.

Mr. GRAFFTEY: Even not considering allied industries, how about these people who are out of work but express a desire to work and still cannot work. Often this is the case. You often find men who do not want to cross picket lines, but they like to work and cannot work because of the strike. Are they to be precluded from receiving unemployment insurance benefits?

Mr. URQUHART: That is my feeling. However, if I may, I would like to say that we have here two men older than myself and they are more experienced than I in the construction industry. I have only had 40 odd years, and they have more.

Mr. MARTIN (*Essex East*): Before we leave Mr. Urquhart, could we finish a series of questions to him and then call the other witness. I think Mr. Urquhart is an important witness of this committee as a member not only of the association but as a member of the advisory committee of the unemployment insurance commission. I was anxious to see some further questions along the line that Mr. Peters was pursuing, because I think they are important.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, I would like to refer back to paragraph 3 on page 1 in order to have a point cleared up. Mr. Urquhart, you are a member of the unemployment insurance advisory committee and, as I understand it, when legislation is proposed it is presented to the committee and they advise the Department of Labour what their feelings are in regard to the legislation. I also understand that the members of the committee are made up of all sectors of the economy across Canada. Yet, you feel that perhaps the committee itself is not qualified enough to report expertly on amendments or proposed legislation, is that correct?

Mr. MARTIN (*Essex East*): He did not say that.

Mr. MACLEAN (*Winnipeg North Centre*): Would you mind letting him answer his own questions.

Mr. MARTIN (*Essex East*): You should not say that.

Mr. URQUHART: I feel that the advisory committee, as presently constituted, can advise on proposed changes to the act that is in operation; but the Canadian Construction Association has felt that the act over the years has shown there are a lot of things which need some revision in detail—minor items and wording and that sort of thing. That is why we feel that an independent body should be set up to review the entire act.

Mr. MACLEAN (*Winnipeg North Centre*): Yet you said no major amendments should be made until the whole act is reviewed by an impartial body. You state we should call upon independent expert advice, but are you suggesting this expert advice is not available to members of the present committee?

Mr. URQUHART: No, just a moment, gentlemen. There is one thing I want to clear up. I am on the carpet here. I am only one of eight members of

this committee. Frequently, what I am saying is my own personal opinion, and again I am talking for the Canadian Construction Association. I would like the other members here to be given an opportunity to answer some of these questions.

Mr. RICARD: Are you appearing as a representative of the Canadian Construction Association or are you appearing as a member of the advisory committee.

Mr. URQUHART: No.

Mr. RICARD: You are just acting today as a representative of the Canadian Construction Association?

Mr. URQUHART: Yes, as a representative of the Canadian Construction Association. You are pinning me down in connection with certain things and I do not want my answers to be taken as any reflection on the advisory committee.

The CHAIRMAN: There is one point which I think needs clarification. Is it not a fundamental principle of insurance that a fund, such as the insurance fund, should be self-sustained and that the people who receive the benefits should be the ones that paid into it?

Mr. URQUHART: That has been my feeling and the feeling of one or two others on the advisory committee. We have insisted that it should be on an actuarial basis and the people who pay in should be the only ones who receive benefits.

The CHAIRMAN: You make the statement here that the general revenues could be classified as general welfare benefits, rather than burden workers. What is your alternative for that?

Mr. URQUHART: We of the Canadian Construction Association admit that our industry is one of the ones in which there is a lot of unemployment due to weather conditions, winter conditions and so on. I would like Mr. Brunet to refer further to that. There are a lot of periods in which our men are unemployed, but they paid in during the period of their employment.

Construction workers are in the higher brackets. In the construction industry the rates in some instances go as high as \$3 per hour and during rush or emergency periods we know of men in certain of our trades who are earning more than \$200 a week, because they draw overtime. They pay in accordance with their earnings, so they pay their way. But, looking at some of the other industries, such as fishing, in certain cases the fishermen, particularly on the west coast, during the fishing period make probably more money in that short period than the normal worker can in a twelve-month period. Under the present ruling of the act these people are given a welfare payment through the seasonal benefit provisions of the act. Also, the same is done for loggers.

In the days when I and some of the older members here started to work, construction men and carpenters used to work for us all during the summer. When winter-time came construction slowed up. What did they do then? They had no unemployment benefits in those days. They got another job. In the province of Quebec these unemployed fellows went into the bush. They would work from the middle of December right through to March. Today the operators in the bush cannot get men. I think you are making it too easy for them to sit at home.

Mr. MARTIN (*Essex East*): What you are saying is that any invasion of the fund by way of supplementary payments and the like represent welfare obligations that should be assumed by instruments other than the main contributors.

Mr. URQUHART: Yes.

Mr. MARTIN (*Essex East*): By the state, by the general taxpayer?



Mr. URQUHART: Yes.

Mr. MARTIN (*Essex East*): And you told Mr. Peters you thought the fund was safe at the figure of around \$900 million. Is that really the answer you wish to give me?

Mr. URQUHART: This was the feeling that we on the advisory committee got from the actuaries. I am in no position to give a personal opinion.

Mr. MARTIN (*Essex East*): The fund has never been higher than around that figure, and that obviously must be a very safe figure.

Mr. URQUHART: The other thing to consider is that your total employable labour force is growing year by year and the fund must grow along with it.

Mr. MARTIN (*Essex East*): What about the total \$496 million, which is now the present level of the unemployment insurance fund? Would you describe it as being in a perilous state?

Mr. URQUHART: From the information that was tabled by the actuaries, and taking into consideration the suggested benefits and length of benefit periods, we think it would be in a perilous state.

Mr. MACLEAN (*Winnipeg North Centre*): If that is the case, what would be a safe figure?

The CHAIRMAN: You are putting him into a field where—

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Martin started it.

The CHAIRMAN: He has been asked a question which he does not feel competent to answer.

Mr. MACLEAN (*Winnipeg North Centre*): He answered one question.

Mr. BROWNE (*Vancouver-Kingsway*): I would like to know by what judgment you decide. You say some of these are general welfare measures. You say there is fairly high unemployment in the construction industry and you say the fishermen are a little worse and the loggers are a little worse. The whole purpose of the fund is to insure the labour force. What do you mean when you say this one is worse and that one is better? How can we pick and choose that way?

Mr. URQUHART: In earlier days I would say we have gone through a period of boom—that was after the first world war—which I do not think you members have had. I am not casting any aspersions on your age. Then we went through the depression. But until this act came into force, because a man was a carpenter that did not mean that was the only thing he could do. If he could not get a job at that, he worked as a labourer or went to the bush. He may have gone to the farm or picked tobacco or peas, and things like that. The feeling of the Canadian Construction Association is that the act as presently set up removes the incentive for someone to go out and find work for himself.

Mr. PETERS: You mentioned the fishermen and loggers, and I got the impression you were suggesting that probably there should be a change in the scale of rates when taking into consideration those industries which tended to seasonal unemployment much more than other industries. I come from a mining area where we do not have unemployment, and yet our people pay a high rate of premium with little chance of receiving benefits because they are not unemployed. You say that is a good thing too.

Were you implying or suggesting in connection with the actuarial changes that should be made in the act that this should be taken into consideration in connection with the categories which were put in, and that in relation to the wages they received, the benefits should be increased? Your people are receiving a high rate of pay and you said they are going to be unemployed some time during the year. Are you suggesting that their benefits actuarially should be higher? Were you making that suggestion?

Mr. URQUHART: I had not gone as far as that.

Mr. PETERS: This is apart from the industry.

Mr. URQUHART: Yes. When the act was framed originally, fishermen and loggers were not included, because I believe at that time it was felt it was too hard to cover them.

Mr. PETERS: What I am asking is, was it your contention that the wages themselves would not be necessarily the basis for setting the premium; that the premium, because of the wages, was not necessarily fair in each category. For instance, the category of miners; their wages are quite high and their chances of being unemployed are very small. Yet in the construction industry where wages are very high, the element of unemployment risk is quite large. Are you suggesting that this probably should be taken into consideration?

Mr. URQUHART: That is a thing we felt would come out in the revision of the act. In a way you are putting us on a spot. We want to be fair about it. We feel the Unemployment Insurance Act is very good for construction labour as a whole. The people who are, like your people, employed constantly are helping to pay for construction workers while they are off. Again, the construction workers and your people—and there is a question of bringing in the civil service—and the railway company office workers, etc.—are paying regularly and being used to subsidize people who work purely in seasonal occupations.

A few years ago logging was only a seasonal job. Today to some extent it has changed. Why should they collect unemployment insurance benefits for two-thirds of the year when they work only one-third.

Mr. MARTIN (*Essex East*): Did the advisory committee ever give consideration to the suggestion recently made in such publications as the *Financial Post* that there ought to be two separate Unemployment Insurance Acts in existence; one to cover the class of workers such as those to which you refer who are always employed and where the risk of unemployment is negligible and those who are inevitably unemployed for seasonal periods?

Mr. URQUHART: I am afraid I cannot answer that. I am not a financial man nor an actuary. However, Mr. Hunter, who represents the C.M.A., has reiterated time and again that the base is being damaged by taking in the people who normally are not tied into an industry, those who flow from one industry to another, and who under the wording of the act can claim a great many benefits. Just as you have said I believe, I feel that if we could put it purely on an actuarial basis, certain groups may have to pay slightly more than others.

Mr. MARTIN (*Essex East*): I did not suggest that and I did not understand that was his proposal. I understand your position is that, as a member of the advisory committee, you have no objection to contributions which are actuarially conceived. However, because of the heavy unemployment which we have had in this country during the past period, and the necessity of the government providing for the maintenance of these unemployed, you feel it is not fair to use the unemployment insurance fund, contributed to mainly by the workers and employers, for the purpose of giving these people satisfactory maintenance grants. That is your feeling?

Mr. URQUHART: That is the feeling; yes.

Mr. MARTIN (*Essex East*): Are you aware that during the past eighteen months there have been two supplementary payments covering the largest period of unemployment we have had since 1930-1935 and that there has been no replenishment of the unemployment insurance fund out of the consolidated revenue fund. Are you aware of that?

Mr. URQUHART: No.

Mr. MANDZIUK: Is the witness appearing as a spokesman for the C.C.A. or is he giving opinions as a member of the advisory committee?

The CHAIRMAN: He is representing the C.C.A.

Mr. MANDZIUK: He is being asked an opinion as a member of the advisory committee.

Mr. PETERS: I suggest that the questions addressed to this gentleman as a member of the advisory committee also are legitimate because he is a member of that organization. I think we should have the opinion. This may be the only opportunity we will have of having him appear before us.

The CHAIRMAN: You are asking him for two opinions; you are asking his opinion as a representative of the Canadian Construction Association and then you tie it in with his appointment as a representative on the unemployment insurance advisory committee. That has political implications. I will rule it out.

Mr. MARTIN (*Essex East*): Of course it has political implications, but there is nothing wrong with political implication.

The CHAIRMAN: There is in this committee. We are trying to find the answers.

Mr. MARTIN (*Essex East*): We have a gentleman here who is a representative of this great industry and who also is a member of the advisory committee, a man who obviously knows what he is talking about.

Mr. MANDZIUK: Mr. Chairman, you have made a ruling.

The CHAIRMAN: Let us hear him out.

Mr. MARTIN (*Essex East*): I have been taking exception to that ruling. I might as well warn the committee right now that by these tactics we will not get very far. We propose to find out whether or not the statements made by Mr. Urquhart, which seem so familiar to us, deserve further examination by this committee. We are taking advantage of the presence here of Mr. Urquhart, who is here in a double capacity. In fairness, to him, he is here as a representative of the association. If you, Mr. Chairman, rule that we cannot ask him questions as a member of the advisory committee, then I am willing to accept that only on the understanding that when he finishes, or when this particular brief is over, we will have an opportunity of calling him as a member of the advisory committee. I also hope we will have an opportunity of calling all the members of the advisory committee.

Here is a member of the advisory committee who complains that the unemployment insurance advisory committee only met infrequently since last August.

The CHAIRMAN: Just a moment. I rule that the individual himself has the choice as to whether he will represent the construction association or represent the unemployment advisory committee. When he has made that choice, then I will rule on whether or not he will answer the questions.

Mr. MACLEAN (*Winnipeg North Centre*): It is obvious that right from the beginning of this meeting Mr. Martin has been trying to make political hay of this.

The CHAIRMAN: What is Mr. Urquhart going to do? Does he say that he wishes to appear as a representative of the construction association or as a member of the unemployment insurance advisory board?

Mr. URQUHART: I do not see where I can represent the unemployment advisory committee; I am only a member appointed on that committee. My feeling is that if there is to be an opinion from the advisory committee, that all the members should be asked to come, because I cannot talk for the others. I am only one of eight members on that committee. I am here today to speak



for the Canadian Construction Association and, over and above that, I am not the only representative from the Canadian Construction Association. Mr. Ross and Mr. Brunet are two members who have been in the C.C.A. longer than I have. They are both Ottawa men. They have had much greater experience than I have had; so I think you should ask them to answer some of the questions with reference to the C.C.A.

The CHAIRMAN: Then, Mr. Urquhart, you are electing to appear for the C.C.A.

Mr. MARTIN (*Essex East*): In view of what Mr. Urquhart has said, I think your original view has merit. I assume we will have an opportunity of questioning members or the chairman of the advisory committee?

The CHAIRMAN: That will be all right; there is nothing wrong with that.

Mr. BELL (*Saint John-Albert*): I would like to ask Mr. Urquhart to revert to some more relevant remarks in connection with Bill C-43. Do you have any figures or graphs of the construction association over the last five years with respect to their general costs?

Mr. URQUHART: What do you mean by costs?

Mr. BELL (*Saint John-Albert*): Anything that you have available. For example, a construction man in the housing industry told me the other day that his costs had not increased over the last five years. In speaking for your association, I wonder if you would agree with that gentleman. Can you show statistics or have you any indices that will indicate the state of the construction industry today as compared with the last few years?

Mr. URQUHART: The construction indices are from the dominion bureau of statistics, and I think they prove otherwise from what you were told. But I would like—and I am not trying to get off the hook—if you could ask questions of either Mr. Brunet, who is acting on the winter unemployment committee or Mr. Ross, a previous member of the advisory committee.

Mr. BROWNE (*Vancouver-Kingsway*): I wonder if I could add a point in view of a remark you made. You pointed out that increased contributions would increase costs in units of construction, and I would like to find out the percentage increase in the cost to the industry, and what effect the increased contributions would have. How serious a cost factor is it to the industry?

Mr. URQUHART: I think I can answer your question this way. In connection with our payrolls, when we make up a price for a building or a construction project, we price the thing in accordance with labour rates and the hours required to carry it out. Then we have to add our (A) or overhead sheet. We have to add workmen's compensation, our supervision and sales tax and the levies which are paid to the unemployment insurance commission. Now, they average between .35 and .4 of one per cent for the employer's contribution. Then you have to double that; that makes it .8 or eight-tenths of one per cent of the total labour costs which an owner has to pay.

Mr. BROWNE (*Vancouver-Kingsway*): Why should you total it?

Mr. URQUHART: Because we are paying that for the labourer, the carpenter, the bricklayer and the mason; we are paying it on his behalf, but we deduct it.

Mr. BROWNE (*Vancouver-Kingsway*): He is the one who is making the payments?

Mr. URQUHART: If you are building a house for yourself you are the one who is paying that. Each individual is paying that, because he has to get that money from somewhere.

Mr. PETERS: What you are saying is that from your point of view this is a wage cost?

Mr. URQUHART: Yes.

Mr. PETERS: That contribution of both the employee and the employer is a wage cost and is taken into consideration as general wages?

Mr. URQUHART: Yes, it adds to the cost of the house, and the suit of clothes I wear.

Mr. BROWNE (*Vancouver-Kingsway*): Would you not say it is an insignificant cost? I would like to point out that you said your rates run as high as \$3 an hour; and keeping in mind the rates of unemployment insurance and the employer's contribution to it, would it not be insignificant in relation to \$3 an hour? It seems to me it would be rather insignificant in the costwise factor.

Mr. URQUHART: I will give you an example. Our firm has done work for a large American outfit who sell their products across the world. They have many plants in the United States and several in Canada. We have just finished a project which ran a little over a year; we were modernizing an old plant. When we cleaned up I asked him when we could get some more work in order to keep our fellows going. He said there would be no more work. He informed me that they could not afford construction costs either in the United States or in Canada. He said they had to manufacture in Europe, South America and elsewhere because the construction costs here are pricing them out of the world markets. He said they sell in the world markets and the price is out of it, and that they were putting in automation in all their plants. They are remodelling them to take new machinery and new labour-saving devices.

Mr. BROWNE (*Vancouver-Kingsway*): You have said your wage rates are \$3 an hour and there are other factors which might bring it up to \$3.50 or \$3.75 an hour. According to my calculations I believe your total contribution would be 90 cents a week, which would be around two cents an hour. Breaking that down further, and taking the increase that is going to be made under Bill C-43, it perhaps would be one-half or three-quarters of a cent per hour. In relation to a figure of \$3.50, it seems to me it is a rather insignificant cost factor.

Mr. URQUHART: You multiply that by the total number of people who are working in our labour force. We stated there are 600,000 today.

Mr. BROWNE (*Vancouver-Kingsway*): If you multiply it by one million or one billion, the relationship stays the same. It is insignificant as a cost factor.

Mr. URQUHART: It is not insignificant. There have been a lot of construction contracts given on a fee basis. There is one going on in Montreal now. No one knows the exact fee. The government pay a bit more than private industry; but in this case the fee from the general contractor is less than one per cent; so, therefore, the increase in the unemployment insurance rates here are taking the entire amount of this fee. If you break that down you will find flaws in it, because this fee is on the whole thing. One-half of one per cent is not an insignificant figure.

Mr. BROWNE (*Vancouver-Kingsway*): But the increase is not one-half of one per cent.

Mr. URQUHART: The increase will come to almost one-half of one per cent of our labour costs on a job.

Mr. MARTIN (*Essex East*): Have you calculated what the total cost to the employers will be in terms of the proposed increase of contributions?

Mr. URQUHART: No, we have not gone as far as that yet.

Mr. MARTIN (*Essex East*): Would \$25 million be in excess?

Mr. URQUHART: It would be a pure guess; however, it would be an enormous amount of money.

Mr. SIMPSON: I would like to get back to this cost of the initial contributions for unemployment insurance, which Mr. Urquhart was mentioning. He says it is not an insignificant amount, but in clause 7 it is stated that:

The unemployment insurance advisory committee recommended that any increase in rates of contribution should be borne by the government.

Do you then think this increase should come out of general taxation and thereby get the employers off the hook?

Mr. URQUHART: It is not necessarily to get them off the hook, but to broaden the base.

Mr. MACLEAN (*Winnipeg North Centre*): In connection with seasonal unemployment, a lot of workers in the construction business have work during different seasons of the year. You are suggesting perhaps that seasonal unemployment benefits do not fit the actuarial principle of the act and should perhaps come out of the consolidated revenue fund; is that correct?

Mr. URQUHART: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): Seasonal benefits have been in operation a good many years. Is this the first representation by the association with regard to this fact?

Mr. URQUHART: So far as the C.C.A. is concerned, yes.

Mr. MARTIN (*Essex East*): They always were replenished before.

Mr. URQUHART: But you have added classes which are aggravating the situation. You have added loggers and fishermen and that is why we feel the whole act needs a further study.

Mr. MARTIN (*Essex East*): In regard to supplementary payments, is it not a fact that there always was a replenishment of the fund, up until the last eighteen months?

Mr. MACLEAN (*Winnipeg North Centre*): In the consolidated revenue fund?

Mr. MARTIN (*Essex East*): Yes.

The CHAIRMAN: Gentlemen, we are getting close to 11 o'clock and we have to be out of here five minutes before 11, as there is another committee commencing. Do you want to continue with this or do you want to ask some other questions of the other members who are here? We have approximately ten minutes left.

Mr. BELL (*Saint John-Albert*): I have one more question I would like to ask Mr. Urquhart and that is with respect to his brief. It is a very interesting brief, but many of the comments are of a general nature for the future. If there is a large scale investigation—we happen to be dealing with Bill C-43 and I have been told more figures of a statistical nature would be available from others. I think it would be a help if we could be more definite about the disastrous results you feel this small change is going to have on construction work and construction costs. Now, specifically, could we not take a \$16,000 home, relate that down to dollars and cents and show how much that is going to increase the cost. I think that is the significant thing we have to deal with now. We have to know just how great these additional changes are going to be.

Mr. URQUHART: I may say it was only decided on Friday morning that we would be here today. We have had little time to prepare our comments. Also, I heard earlier that there are many other bodies who have asked to be here. I am sure they will bring up that matter or, we can pass it on so we do not have to come back. If you find there are any requests for specific information later, your steering committee can let us know and we can obtain it for you fairly quickly. However, we are not attempting to go into specific points at this time.



Mr. STANTON: If the C.C.A. have that information, it would be appreciated if they could mail it to the members of this committee. We would like to know how much this contribution would increase the cost of a \$15,000 home or a \$20,000 project.

Mr. URQUHART: Well, I think Mr. McNee, the acting manager of the association, could get that information and send it to your secretary or chairman. I am sure he will be pleased to do that.

Mr. PETERS: Did you say that the total contribution that you make toward the fund would amount to .8 per cent of your total cost?

Mr. URQUHART: No; of our labour costs. In the field of labour costs I am a general contractor and can speak only as far as that is concerned. You must remember that over and above that the same thing would apply to the men who make the windows, the brick-layers, those installing the plumbing and heating, the truck drivers and everything else.

Mr. PETERS: In construction it would be .8 per cent of your labour cost?

Mr. URQUHART: That is the field cost of the general contractor.

Mr. BROWNE (*Vancouver-Kingsway*): That includes the employees' contribution?

Mr. URQUHART: Yes; but that still adds to the cost of the thing.

Mr. BROWNE (*Vancouver-Kingsway*): But surely he would be getting that whether or not he was paying into the unemployment insurance fund. It may be he would be getting the other protection you are paying—

Mr. URQUHART: On his behalf.

Mr. BROWNE (*Vancouver-Kingsway*): Do you consider you are paying the employees' taxes for him because you deduct it from his pay?

Mr. URQUHART: We are paying the employees' taxes for him—the people buying our products are paying it.

Mr. BROWNE (*Vancouver-Kingsway*): You are just paying that on his behalf because you are asked to deduct it from his pay check.

Mr. URQUHART: If you sat in on our labour negotiations you would see that all these points are brought up as being necessary.

Mr. BROWNE (*Vancouver-Kingsway*): But they are part of his wage scale. They are not something you are paying.

Mr. URQUHART: It is you who are paying on your suit of clothes, on the tie you buy.

Mr. BROWNE (*Vancouver-Kingsway*): But if you were not paying the unemployment insurance contribution and then had to negotiate a wage rate, you would still be asked for those rates. The fact that you deduct it from his pay does not say he would be satisfied with anything less if he were not getting it in the form of unemployment insurance.

Mr. SIMPSON: In respect of this bill it has been suggested that these increases be taken care of by the consolidated revenue fund. I would like to ask Mr. Urquhart, going back in previous years when increases have been made in the contributions to the unemployment insurance fund, did the C.C.A. object to increases, say, in 1950 when an increase of 15 per cent was made? In relation to this, my experience is that only \$3 million has ever been taken out of the fund to replenish the unemployment insurance fund.

Mr. URQUHART: As I said earlier to Mr. Martin, I am relatively new on the advisory committee. I wonder if Mr. Ross would care to make any comment on that?

Mr. SIMPSON: I was asking whether or not the C.C.A. had previously objected to these increases which were made. For instance, there was one in 1950 of 15 per cent.

Mr. URQUHART: Either Mr. Brunet or Mr. Ross might answer.

Mr. MANDZIUK: I understood you to say this is the first time this association made representation?

Mr. MARTIN (*Essex East*): There never was any occasion because the fund had been replenished, as I said, when there were supplementary payments required out of the fund. That is a fact. It is unfair to suggest to this witness that he never objected to something which never took place.

The CHAIRMAN: I understood the question asked was whether or not, at the time of the last increase in the premiums paid by the individual and the employer, the association registered any complaint about the increase. That is what he is asking.

Mr. URQUHART: At the meetings of the Canadian Construction Association, there has been a lot of comment on it. I do not think, however, any official representation had been made to the government. We make a lot of resolutions at our annual convention each year and put down the most important ones. The most important one this year, or one of the more important ones, is the Unemployment Insurance Act; because this is a more drastic step than previously had been taken.

The CHAIRMAN: We now are at a point where we have about seven more minutes. Will we have the association back again in order to ask them further questions? Already I have had the secretary send out invitations to the Canadian Manufacturers' Association and the Canadian Chamber of Commerce to be here on Thursday. Is that agreed?

Mr. MARTIN (*Essex East*): What is the intention in respect of these gentlemen?

The CHAIRMAN: So far, I have asked to have these other representatives here.

Mr. MARTIN (*Essex East*): Are these gentlemen coming back?

The CHAIRMAN: Is it your wish they come back today or tomorrow, in order to finish this?

Mr. MACLEAN (*Winnipeg North Centre*): I think we are finished with this association as such.

Mr. MARTIN (*Essex East*): You may be; I am afraid we are not. In paragraph 6 of the brief, for instance, it says:

The proposed increase in contributions may not be sufficient to put the scheme in financial balance in view of the fact that the government also wishes to increase the schedule of benefits and lengthen the benefit period.

Would you care to comment on that paragraph, because it is a very important statement?

Mr. URQUHART: That is my own personal feeling. However, on that particular point I think you would have to obtain a report from your actuarial body of the unemployment insurance commission. That is only an opinion, a wild guess.

Mr. MANDZIUK: In other words, you just are making a general statement on behalf of your association. You do not have any figures. I am referring to the point brought up by Mr. Martin. You have no figures, you may be wrong.

Mr. URQUHART: That is only the background of what I have acquired in studying the thing over the last couple of years.

Mr. MANDZIUK: There is a possibility you may be wrong?

Mr. URQUHART: That is possible; yes.

The CHAIRMAN: The matters which you wish to explore now cannot be done in a few minutes. We have invited these other organizations for next

Thursday. Do you wish that we make an effort to hear these gentlemen this afternoon or some time tomorrow, rather than ask them to come back again after we have heard the other organizations.

Mr. STANTON: Is it possible for this committee to meet again this afternoon?

The CHAIRMAN: It is up to the committee.

Mr. BROWNE (*Vancouver-Kingsway*): I think that is a good suggestion. If we are going to continue the questioning of the witnesses of the Canadian Construction Association, I think it would be helpful to finish it up in one day.

Mr. MANDZIUK: I would suggest they be asked to appear later, at which time they may have figures in respect of this point which Mr. Martin has brought up. I would like to have figures on this general statement. The witness said he might be altogether wrong on that point.

The CHAIRMAN: I think they have some individuals in their delegation here who will have those figures.

Mr. MARTIN (*Essex East*): I think what you have said has great bearing. In fairness to Mr. Urquhart, however, it was not a positive statement. He said the proposed increase in contributions may not be sufficient. It is not just a bland statement. Obviously, he is a man who knows what he is speaking about.

Mr. URQUHART: May I clarify that one point now?

Mr. MARTIN (*Essex East*): I am suggesting that if we have to go now it is regrettable. Could we move to another room?

The CHAIRMAN: The rooms are all taken up.

Mr. MARTIN (*Essex East*): This afternoon we have some very important matters in the house. We have the tax bill and I, for one, would find it very difficult to be here. Certainly, however, I would like to join in the suggestion that we ought to have an opportunity of examining Mr. Urquhart further, particularly in respect of paragraph 6. In asking for an adjournment I do not wish it to be suggested that it is in any way a reflection on him.

The CHAIRMAN: I do not think it was intended in that way. The steering committee will meet immediately after this meeting and we will decide what to do in respect of hearing the individuals who are here.

Mr. MARTIN (*Essex East*): Particularly Mr. Urquhart.

The CHAIRMAN: Yes.

—The committee adjourned.

## EVENING SESSION

TUESDAY, May 19, 1959.  
8:00 p.m.

The CHAIRMAN: Gentlemen, when we adjourned at 11 o'clock to make room for the other committee which was meeting here, some members had felt they had not finished with the Canadian Construction Association. Therefore, as one of the deputation here has to go back to Montreal, rather than ask them to stay over, we decided to hold the meeting this evening in order to dispose of this brief.

The question now is that there were some figures requested which it was thought could be produced by some of the other members of the deputation here. I do not know what the question was.



Mr. MARTIN (*Essex East*): I think the question was in respect of Mr. Urquhart's statement at paragraph 6 of the brief:

The proposed increase in contributions may not be sufficient to put the scheme in financial balance in view of the fact that the government also wishes to increase the schedule of benefits and lengthen the benefit period.

He was questioned by Mr. Mandziuk who asked him if he might have some figures which would support that. Then I said I thought it was an important follow-up question because the rates were being increased and we were told by Mr. Urquhart that in his view, in spite of the increase of rates of contribution the fund still might not be adequate to take care of the proposed benefits by the introduction of two new categories and the increase in the length of the period of benefit from 36 to 52 weeks. If Mr. Urquhart's representation is true, that would be a very important fact which some of us had not thought of.

The CHAIRMAN: I have it here. It was Mr. Mandziuk's suggestion that they be asked to appear later, at which time they may have figures in respect of this general statement. He pointed out that the witness said he might be altogether wrong on that point. Then I said, "I think they have some individuals in their delegation here who will have those figures." That is where we stand at the present time.

Mr. MARTIN (*Essex East*): That is it.

Mr. URQUHART: Mr. Chairman, following that again I wish to reiterate I am speaking here as a representative of the C.C.A. and not as a member of the advisory committee. On that basis I carried back from the meetings of the advisory committee opinions which are expressed to the C.C.A. management committee that this increase would not be sufficient to keep the fund in balance if further benefits over and above those presently in force were initiated by anyone. That was also based on information handed to the advisory committee by actuaries during its meetings here last summer. The actuaries sat in at those meetings and supplied a great deal of information. I could not go through it. It would not be possible to take the time to read all that material. I do not know whether or not it is available to you, gentlemen. There were, however, a lot of figures given in substantiation of the items I have mentioned.

Mr. MACLEAN (*Winnipeg North Centre*): You were a member of the committee when they made their report in 1958. Do you recall that in that report there was an estimate by Mr. Humphrys that an increase of 20 per cent would probably maintain the fund at the present level.

Mr. URQUHART: That is quite correct. That was on the basis that the benefit payments remain as they were and would still remain at the 36 week maximum contribution benefit period.

Mr. MACLEAN (*Winnipeg North Centre*): The estimate was based on a pattern of employment, I believe, over the next five years. I would suggest to you, with the 30 per cent increase in payment, it would amount to an additional amount for the fund in the neighbourhood of \$230 million. Would you agree with that?

Mr. URQUHART: You are asking me to express an opinion on figures which I do not know.

Mr. MACLEAN (*Winnipeg North Centre*): You gave an opinion in your brief.

Mr. URQUHART: That is a general over-all opinion. I do not think I should be asked to give an opinion on a specific figure like \$230 million.

Mr. MACLEAN (*Winnipeg North Centre*): Then take the figure of \$202 million.

Mr. URQUHART: You cannot take one without the other. You would have to take the entire actuarial report in order to get a considered opinion.

Mr. MACLEAN (*Winnipeg North Centre*): On the basis of that 30 per cent increase, have you any idea of your own how much of an increase to the fund that would result in? Do you have any idea as to the figure?

Mr. URQUHART: No. All we can judge from is on the basis we were told at that meeting that this proposed increase would keep the fund in balance provided there was no increase in benefit payments.

Mr. MARTIN (*Essex East*): I think Mr. MacLean used the figure of \$230 million. I think we should bear in mind what Mr. Urquhart said, that when Mr. Humphrys made the statement he thought that 20 per cent would do the trick he was predicating that on a 36-week period. The additional revenue you are anticipating takes into account there would be 52 weeks. That was not his assumption.

Mr. MACLEAN (*Winnipeg North Centre*): But he is saying this 30 per cent—and correct me if I am wrong—increase in the rates will do little, if anything, to assist the fund.

Mr. URQUHART: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): And you are saying that and are not giving us a figure with regard to the amount this 30 per cent will involve—the amount of money.

Mr. URQUHART: The additional benefits proposed to be paid will eat into the additional payments. What I am trying to make out is that the additional payments we stated as a 20 or 30 per cent increase, as the case may be, we felt would possibly keep the fund in balance provided the benefits remained the way they were. They are not remaining the way they were. It is suggested here they be increased. I do not know how much, and I am pretty sure at the moment that the actuaries could not tell you very closely how much these additional benefits would take out of the fund.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, I am interested in this 30 per cent increase because it is in the bill and I suggest with Mr. McGregor sitting here perhaps he could give us the amount.

The CHAIRMAN: At the meeting before we adjourned, Mr. Bell asked a question. That is one of the reasons why we came back. He said:

I think it would be a help if we could be more definite about the disastrous result you feel this small change is going to have on construction work and constructions costs. Now, specifically, could we not take a \$16,000 home, relate that down to dollars and cents and show how much that is going to increase the cost. I think that is the significant thing we have to deal with now.

Mr. URQUHART: I would like both Mr. Brunet and Mr. Ross to speak on that. They have a little more background on it than I have at the moment. There is one thing I would add. I told the gentleman here that the amount we carried in our payroll was .135 per cent. I made a mistake. It is .75. On a man earning between \$50 and \$60 a week our payment is 69c. a week. We checked over a payroll for a period and it amounted to about \$1 million. The amount we contributed as an employer alone was approximately \$75,000. We made several checks over the past two or three years, and it runs anywhere from \$70,000 to \$76,000 per million dollars. If possible, I would like Mr. Brunet to answer the question.

Mr. PETERS: Is this three-quarters of one per cent the total average cost?

Mr. URQUHART: That is the employers share, or the employees. It has been doubled. It comes to 1½ per cent of the total amount which the Unemployment

Insurance Commission obtains or receives of every dollar spent on construction wages.

Mr. PETERS: That is  $1\frac{1}{2}$  per cent of what?

Mr. URQUHART: Of the weekly wage. Is that right?

The CHAIRMAN: I think we can accept that figure at the present time, but when Mr. McGregor comes on, it has been suggested that he may be able to give us the figures in the department, because he is connected with it. Mr. Brunet will answer the question on the cost of housing.

Mr. BRUNET: May I say at the beginning, without having discussed this problem with my colleagues in the Canadian Construction Association, I generally agree with the items of the brief as presented this morning. I was asked by my colleagues to give some figures relative to the cost of houses. These figures are based on my own experience, my own payroll, as an operator here in the Ottawa-Hull district.

Take a house of \$15,000 as the overall cost of the building. The average payroll is 40 per cent of that \$15,000 which means to say that on a house costing \$15,000, \$6,000 is wages paid to employees on site.

At the present time our average construction worker, working a full week, makes \$63 a week. That is the average salary we pay according to our payroll. At \$63 a week, we have, at the present time, a rate of unemployment insurance and we have to collect 60 cents from that employee, and the employer contributes 60 cents, which means to say that if the employee works his week at \$63, we have to buy \$1.20 worth of unemployment stamps.

Now, taking into consideration that the total wages paid on that \$15,000 house is \$6,000, the total amount paid for stamps for that particular house at the present rate is \$114.

At the new rate, on the same basis, with the same man working an average of \$63 a week, we would have to buy \$163.40 worth of stamps, which means to say that on a \$15,000 house, the increase in the rate on unemployment insurance will mean an increased cost of \$49.40 for each house. Does that answer your question?

Mr. BELL (*Saint John-Albert*): Fine. May I ask one other question. You have been building houses for the past few years I imagine here in the Ottawa-Hull district. I would like to ask you if that \$15,000 home, for example, is substantially the same home you were building for \$15,000, let us say, five years ago?

Mr. BRUNET: No sir. Since last year the cost of construction has increased exactly five per cent. At the present time the cost of construction index is 308. I will leave out the fractions. That is the general cost of construction including wages and materials and that is taken from the Dominion Bureau of Statistics average for all over Canada.

Mr. BELL (*Saint John-Albert*): It does not include the land?

Mr. BRUNET: No, not the land, but it will include engineering or architectural fees. Last year at the same date, and for March, the cost of construction index was 292, which means an increase of 16 points in the last twelve months, which works out practically to five per cent; and that figure has been practically steady in the last five years or so.

Mr. BROWNE (*Vancouver-Kingsway*): I want to say that I do not accept these figures that we are getting as being representative of the national average, because they do not seem to correspond with the Dominion Bureau of Statistics on the national average. My point is that I do not accept this doubling of the amount, and with the employer taking the view that he is paying both the employer's and the employee's contribution. I do not believe that is a fact. I do not believe it can be accepted in the cost at all. The employee is making



that contribution and I cannot understand this persistence in doubling the figure. It does not seem reasonable to me.

Mr. BRUNET: I am not talking about the employer. I am talking about the individual client. I mean the total average cost of the house at the present time, when we are figuring our estimate on the contract. That is what I am talking about.

Mr. BROWNE (*Vancouver-Kingsway*): You are talking about the total paid to the unemployment insurance fund, by the employer and the employee.

Mr. BRUNET: Somebody would have to pay for it.

Mr. BROWNE (*Vancouver-Kingsway*): I know. You are representing it as a payment on behalf of the construction industry; yet one half of that money is being paid by the employee and it is not in fact a construction cost from your own point of view.

Mr. BRUNET: If we did not have to collect from the employee that 60 cents, his wage, instead of being \$63 would be \$61.40, because of the overall cost of the \$114 worth of stamps we have to buy. Somebody is paying for them in the long run, and that is the owner of the house. What is worrying us in the construction industry is not so much what we pay, but what the client can pay back to us.

Mr. BROWNE (*Vancouver-Kingsway*): When we have somebody representing a labour group coming here, he is going to tell us that the employee is paying this money. On the other hand you are telling us that the construction industry is paying it. I do not know how many times we are going to spend this money going into the fund. It seems to me that we should take it into consideration only once.

Mr. CARON: I think what Mr. Brunet meant was that whether it comes from the employee or the employer, that at the end it is paid by the proprietor of the house.

Mr. BRUNET: That is right.

Mr. CARON: It comes to the same thing. Somebody has to pay for it, and it is the one who is building the house.

Mr. MACLEAN (*Winnipeg North Centre*): Do you mean to say that if tomorrow unemployment insurance was done away with entirely, you would decrease your worker's wages by the amount of the unemployment insurance payments?

Mr. BRUNET: Not right away, but we would use it as an argument when they came to get an increase in wages.

Mr. MACLEAN (*Winnipeg North Centre*): You would use it as an argument. You say that when a man earns \$63 a week the payment is 60 cents a week. You are arguing that that man is only earning \$61.40 a week as wages as far as you are concerned.

Mr. BRUNET: What the man is concerned with is his take-home pay.

Mr. MACLEAN (*Winnipeg North Centre*): I mean his overall wages. Would they include the unemployment insurance payment?

Mr. BRUNET: I do not know what the overall wage would include, but in estimating my total cost in Hull at the present time, I estimate that if it takes \$100 worth of wages to do a job, we have to add to that \$4.98 to cover that two per cent for the unemployment insurance, and two per cent paid by the owner for vacation with pay, and one per cent paid by the owner for the joint committee, and three per cent paid by the contractor or employer for compensation.

This means to say that the owner is charged not \$100, but \$104.98 for the work to be done.

Mr. MACLEAN (*Winnipeg North Centre*): What you are saying is that if we did not have unemployment insurance, the worker's wages would be decreased, and the cost of the house would be decreased?

Mr. BRUNET: Naturally.

Mr. MACLEAN (*Winnipeg North Centre*): I cannot accept that.

The CHAIRMAN: Mr. Ross, I understand, has something to say along this line, which to me answers some of the questions asked by Mr. MacLean.

Mr. ROSS: I do not know that I can add anything particularly to this question of house building. House building is only one section—perhaps a small section—of the whole construction industry, and I would draw the attention of the committee to this fact: that I think I would be quite correct in saying that a very heavy proportion of house building is done by small builders who use to a very great extent non-union labour.

When it comes to the question the gentleman asked about the apportionment of the unemployment insurance between the employee and the employer, very definitely in the end the question of the contributions, whether from the employer or the employee, is a cost of the project and, as such, has to be paid by whoever is paying the final bill.

Mr. BROWNE (*Vancouver-Kingsway*): I suggest that is not so. The employee has the right to do what he wants to do with his money. If he spends it buying groceries, that is one thing and it does not concern you; if he spends it for unemployment insurance, that is another thing and it does not concern you.

Mr. MACINNIS: On a point of clarification, Mr. Chairman, what is the difference so far as the unemployment insurance is concerned between a union and non-union man?

Mr. ROSS: There is no difference.

Mr. MACINNIS: Why is this union and non-union brought out then; it is irrelevant?

Mr. ROSS: I do not know where the gentleman comes from who first asked the question, but it is possible he may have come from a non-urban district. I would not want to state this as a fact—that would be derogatory—in any particular place, but I would be curious whether the contributions made to the unemployment insurance fund by a small firm were as carefully charted and safeguarded as they would be in the case of larger firms.

Mr. MACINNIS: I think in that case the workers protect themselves and see that their own contributions are provided and, therefore, the contribution of the employer would have to be likewise.

Mr. URQUHART: We find there are many employees who are willing on a small country job not to pay unemployment insurance, if they can. Therefore, a house built in a rural area could conceivably be a lot cheaper to the ultimate owner.

Mr. MACINNIS: Do I take it from your statement that you use people who want to avoid paying unemployment insurance?

Mr. URQUHART: No, we do not.

Mr. MACINNIS: Well then, how can you justify your position that there are people avoiding these payments? They must be paying it themselves and, therefore, their employees are required to pay it.

Mr. URQUHART: As Mr. Ross said, they are not companies. They are small individual builders, who build a fair number of houses during the year throughout the country, and their books are not kept in the same way as the books of the incorporated companies.

Mr. MACINNIS: Could you give the names of any of these companies or any of these individual builders?

Mr. URQUHART: No, I cannot. I happen to be on a committee in Montreal which polices labour rates, and we find hundreds every year who are attempting to evade paying the various legal levies. I cannot come out and name any particular company because I could be subject to libel.

Mr. MACINNIS: You brought the companies back into this; there are companies?

Mr. URQUHART: They should not be companies. They are more or less individuals. Sometimes they are incorporated, but they are incorporated under one name for six months and after they are brought to court the same employer comes back under another firm name. That is a condition and we cannot avoid that.

Mr. PETERS: Within the last few years, and the last two years in particular, has there been a great decrease in the number of people employed in the construction industry?

Mr. BRUNET: There was a large increase in the number of employees in the last year.

Mr. PETERS: That is for the total construction industry?

Mr. BRUNET: Industry, because the labour force is much larger in proportion and we are using more people.

Mr. MANDZIUK: In other words, there is more money available for construction?

Mr. BRUNET: In housing mostly.

Mr. URQUHART: May I read from the dominion bureau of statistics for the benefit of a gentleman over here. It will be found on page 10 of catalogue 64201—construction in Canada 1957-59. The labour content in construction in Canada in 1955 was 533,000 odd; in 1956 it was 591,000; in 1957, 591,000; in 1958, 590,000; and the estimated figure for 1959 is 596,000. Those are the D.B.S. figures.

Mr. BROWNE (*Vancouver-Kingsway*): Are those the number of people engaged in construction?

Mr. URQUHART: Yes.

Mr. PETERS: Which would be an indication that the large layoffs are not in your particular industry?

Mr. URQUHART: No. The other thing which people generally seem to forget is that the country is growing by leaps and bounds and, therefore, the labour force has increased greatly; but you still have unemployment. There was another thing I wanted to point out this morning and did not get an opportunity to do so. In the over-all picture of the fund, when it was \$900 million, that representative figure—I do not know the exact figure; I would have to get that from the commission—but say it was probably about \$300 per insurable person. I imagine that has dropped to somewhere less than \$200 due to the increase in the insurable labour force.

Mr. MANDZIUK: Are you suggesting there would be some decrease or, that some labour or portion of labour should be disqualified so as not to come in for the benefits under the act?

Mr. URQUHART: I do not say we are suggesting any should be disqualified. As I said earlier to the gentleman at the far end of the table, there are evasions, but that is not only in construction; it is in industrial work just the same.

Mr. BROWNE (*Vancouver-Kingsway*): May I ask a question in connection with item 4 on the second page of your brief? I believe it mentions in there the extension of the plan in recent years whereby additional occupational groups of employees have been included and by which benefit periods were increased in length and so on. To what specific groups are you referring?



Mr. URQUHART: Fishermen and loggers are two specific groups, and probably there have been extensions in others. You were asking the Canadian Construction Association to give specific points. We cannot. That is one of the reasons we suggested it would have to be a committee to go into each individual minute point. All we can give you is a general over-all opinion. I discussed that earlier today.

Mr. MARTIN (*Essex East*): You say the federal government should make a straight outright grant to take care of those people who are not fully engaged in the scheme on a complete actuarial basis.

Mr. URQUHART: Again, I am speaking personally and what I have observed is that a lot of these people who have the benefit of seasonal benefits are not full-time workers in the trade in which they obtained the seasonal benefits; in other words, they worked maybe a portion, maybe one-third or half a year in that particular year in their trade and the other half or third of the year they took employment in some other trade.

Mr. MARTIN (*Essex East*): But with regard to these people you say you do not object to their receiving assistance from the state but you say the scheme has been put into jeopardy as a result of their inclusion; and does it not follow then the fund has to be replenished and if you as an employer feel you should not contribute to that replenishment, there is only one other source from which it can come.

Mr. URQUHART: That is right.

Mr. MANDZIUK: Mr. Urquhart, you are speaking for the C.C.A. and not as a member of the advisory committee?

Mr. URQUHART: That is what I have attempted to do right throughout the whole day, because I have no authority to speak for the advisory committee.

Mr. BELL (*Saint John-Albert*): In that last particular respect you are speaking on behalf of the C.C.A. about the idea of additional revenue from the general fund to replenish the depletion caused by loggers and fishermen. I think that is fairly important and if I could just repeat a thought that I have in connection with that. I do not mean to pin you down on it, but you have a brief and as I stated before noon time, I think it has some very good thinking in it. I think there are one or two particular points about the bill which while they do not solve the problem for us naturally they have to be seriously considered. Then there are some general thoughts about the unemployment insurance situation for the future, and I feel at this time—when you are commenting on that—that it might be in order for you to suggest, without detailing your policy, just how this brief was lined up: does your executive approve of it, and the whole situation—because I think it is very important?

Mr. URQUHART: Not this specific brief, but the general outline of this was discussed at a meeting—a regional management meeting—of the C.C.A. attended by, I would say, approximately 90 members. We had this meeting about a month ago in Ottawa. Therefore, that would take a fairly good cross-section of the construction industry; that is, we had representatives from one coast to the other coast.

Mr. MARTIN (*Essex East*): Did you know what the provisions of the bill were at that time?

Mr. URQUHART: We had some inkling of what was going to be tabled. The other point I would like to bring out is that the Canadian Construction Association is not trying to discriminate against any group of workers throughout Canada. The point that we feel—and it has been reiterated over the last 10 years since the war—is that with the availability of these benefits our men are losing the incentive to go out and look for another job; they want

to sit back and take as much relief as possible. We have other figures here, if I may—

Mr. PETERS: Just on this very point you have raised: this is still within the scope, as I understand it, of the old Insurance Act? That is what I am told.

Mr. URQUHART: Yes.

Mr. PETERS: Without these amendments?

Mr. URQUHART: That is correct.

Mr. PETERS: These amendments are—

Mr. URQUHART: We feel this will aggravate it.

Mr. PETERS: I would like to know this very definitely. This affects the old part of the Act: in other words, the unemployment insurance fund was accomplishing something that you were not too happy about it accomplishing, as far as regular seasonal lay-offs are concerned with which the construction industry has always been plagued? And there is a second part—that the amendments are supposed to correct—and that is the fact that you are not getting people because of economic conditions, and you feel that part of it should be handled in another way; is that right? Is that, basically, what you are saying?

Mr. URQUHART: No, I do not think that what you have said is what I meant. I would say that the Canadian Construction Association has always been reasonably happy with the bill. The only thing that we feel is that with the various amendments that have been made to it, there are possibilities for people to find ways to obtain benefits, instead of going looking for work. That has been the feeling right along.

Mr. BROWNE (*Vancouver-Kingsway*): In other words, you feel that these particular amendments are so much in the interests of the working people, to the extent that it would induce them to take advantage of this?

Mr. URQUHART: That is what we are afraid of.

Mr. MANDZIUK: Is it not true that your trade is only seasonal, that there are seasonal lay-offs during the winter in construction—I think you have admitted that—and is it not a fact that it is more to the benefit of your industry to have these men ready, willing and available for you in the spring, when your work of construction is ready to start, rather than have them scattered all over the bush, going out milking cows on the farm and displacing somebody else? That is the other side of the picture?

Mr. URQUHART: That is correct.

Mr. MANDZIUK: It guarantees you a supply of men in the spring, men who are trained and who are experts in their trade?

Mr. URQUHART: I have a slant on that, but I would prefer Mr. Brunet to answer that, because he has served for quite some time, since its organization, on the National Winter Unemployment Committee, and he has facts at his finger tips which I do not have. Would you answer that, Mr. Brunet?

Mr. BRUNET: I have been acting in the capacity of chairman of the National Winter Unemployment Committee since its inception five years ago. The thing to—

Mr. MARTIN (*Essex East*): You say you are chairman of the unemployment committee?

Mr. BRUNET: The National Wintertime Construction Committee, which is a committee that has been sponsored by the Department of Labour, representing the construction industry, the chamber of commerce, and so forth.

To answer this gentleman: tradition maintained that construction was a seasonal industry, which we think is not right, sir; and we not only think it, we have been proving it in the last five years. Construction can go on in winter,



the same as in summer. There has been a big improvement in the last five years. In my own company we had as much work in winter as we had in summer, right here in Ottawa. At the present time we have 160 people on the payroll this week. All winter I had over 100 on the payroll. What is done in summer can be done in winter.

Mr. BELL (*Saint John-Albert*): Did you hear that, Mr. Peters? You made a speech in the house.

Mr. BRUNET: It can be done in winter, gentlemen, and we have proven it. The only thing we want is the atmosphere to be created so that people will believe it. One of the big objections to winter construction from the public is that the cost is increased, but—

Mr. MANDZIUK: So have your profits; is that not true?

Mr. BRUNET: No, sir. To be able to do winter work at the same cost as summer, the contractor—in my case, and many of my colleagues—does not work with profit at all; we just cover our overheads for exactly what you see there, so that we keep our organization ready for a rush in the spring.

Mr. MACLEAN (*Winnipeg North Centre*): Then what you are saying, with respect to seasonal benefits, is that you do not feel—if these benefits are going to be paid—that the companies, or the corporations, or the employees affected should contribute to it, but it should be spread all over the taxpayers?

Mr. URQUHART: The seasonal benefits do not apply only to construction workers.

Mr. MACLEAN (*Winnipeg North Centre*): No; but in your brief you are saying in effect, that it should come out of another fund and be levied on all the taxpayers in the country, instead of the employer and employee?

Mr. URQUHART: In construction, in the mining industry, offices, or anything else.

Mr. MARTIN (*Essex East*): That is, the employers and employees generally?

Mr. MACINNIS: Why do you feel that people who derive no benefit whatsoever from an insurance fund should participate in the payment? Why should the taxpayers be involved in something they cannot, in any shape or form, take advantage of or get advantage from?

Mr. URQUHART: You have to have, I grant you, a certain—I have something here, if you will give me a moment to find it.

Mr. CARON: Referring to paragraph No. 7, is it not due to the fact that the decrease in the fund has been caused, not by seasonal employment, but by the general recession, where a lot of people were out of work, not in your industry, but in some other industry. Being a general recession, you do not feel that only the industries and employees should be made responsible for that; is that not the main reason for that?

Mr. MACLEAN (*Winnipeg North Centre*): No; this suggestion was made a couple of years ago.

Mr. CARON: When we had no recession the fund was kept up to date by the contributions, but with the recession there were a lot of people not paying contributions and they were getting benefits, so the fund has decreased on account of the recession. The employers and employees cannot be the only ones responsible for the recession. The recession was general, not only for one class of people in society.

Mr. MACLEAN (*Winnipeg North Centre*): It is only in bad times.

Mr. CARON: If it was only in bad times it would not be that low.

Mr. BROWNE (*Vancouver-Kingsway*): Surely if the situation gets worse the insurance fund does too. If you insure the labour force of the country, if the risk of unemployment becomes higher the premiums also become higher.



If you are insuring a house for fire the premiums would go up if the risk of fire became greater. If the conception of the fund was right in the first instance, and the labour force was to be insured under a proper scheme, and if the risk of unemployment has become greater, then surely it is only right the appropriate contributions should be increased on the same basis?

Mr. URQUHART: This is the wording we had written down for something else:

It is well known that a large proportion of the insured population are regularly employed and rarely, if ever, benefit from the scheme, at least by way of payments. This is not as equitable as it might seem at first, because the whole economy cannot be split down into separate divisions. It is in fact interwoven, and stable employment and occupation are not independent of other employment and occupations that are less favoured. However, this argument can be carried only to a reasonable extent.

That is the feeling of the insurance scheme.

Mr. MACINNIS: In this category, they are regularly employed; at no time do they derive any benefits from the fund. However, the fact remains that these people are much happier to be in that category, and they are quite willing to pay, in the event that some time or other they will be steadily unemployed. The taxpayers bear the brunt. In that event, the employee's payment into the unemployment insurance fund would be reduced, would it not? The employer's payment into it would be eliminated?

Mr. URQUHART: On the insurance fund that is the opinion that the C.C.A. was operating under, until recently—well, until this recession came. We are not objecting to what was done, but with the new bill coming forward you are not only increasing the premiums, but you are also increasing the benefits.

As Mr. Browne said earlier, it is only natural when the risk goes up you increase the premiums. I wanted to answer him, but did not have an opportunity earlier. The insurance company insuring your car, or your life, or your house, will not give you a greater payment because the premium goes up, because there is no advantage that way.

Mr. MACINNIS: I, as a taxpayer, do not pay car insurance, because I do not own a car.

Mr. URQUHART: You pay fire insurance on your house?

Mr. MACINNIS: Yes. A lot of people who own a house do not pay fire insurance, and you cannot put the burden on the taxpayer, but only on the people deriving the benefits from it.

Mr. URQUHART: You are asking these people who are paying these premiums, and have been paying them since the fund's inception in the war years—you are asking them to pay for people who have never been insured before. I am still using the same term; that is, loggers and fishermen.

Mr. MACINNIS: They are, in turn, getting protection, and are quite willing to continue the job. If you go to an industry where people have been in employment since the inception of the fund and ask them if they want to discontinue payment they will say, "I have paid in so long; I am going to continue to pay," and they will continue to pay.

Mr. URQUHART: There is not one who will object.

Mr. MARTIN (*Essex East*): What you are saying, if I understand your answer to Mr. MacInnis, is this: you are saying that for a long time workers and employers in this country have been paying into the fund. They have built up a large fund out of their contributions—80 per cent represented by workers and 20 per cent, or one-third, by the state. You are saying now that because of the recession, with consequential heavy unemployment—

Mr. MACINNIS: That is not what he said at all.

Mr. MARTIN (*Essex East*): Let him answer. I am putting my question.

Mr. CARON: He is putting a question.

Mr. MARTIN (*Essex East*): This is a question in the form of a statement, and he can say whether I am right or not.

Mr. SPENCER: Rather a leading question, though.

Mr. MARTIN (*Essex East*): You are saying the employers and employees, over a long term, have built up the fund; and now we have abnormal employment. Instead of the people at large bearing the partial cost of the maintenance of those who have not contributed you are complaining, I take it, it is being saddled on the two main contributors?

Mr. SPENCER: Let us have him answer that. I am not likely to agree with his answers.

The CHAIRMAN: Before you get into this, I must say I have allowed you a lot of latitude on this. In the first place the submission of the brief has been presented to you in writing, and in the ordinary course they are asked questions about what is pertinent to this brief. I have permitted you to enter into cross-questioning, which I should not have done; but I wanted to see how far it would go. If you do not accept the statement, ask another question, with the weight to be attached to it. But to let this go on, in and out, the way it is going on now, for the rest of the submissions, we will be discussing all these points that are coming in here, which we are not here for. We are here to discuss the bill.

Introducing the matter of debate between the people who are submitting the brief for our benefit, it is done on a point of information. It is not to build up an argument as to who is right or who is wrong; because the people who are coming will put their submissions in, which will probably counteract that point, and we will have a difference of opinion among them. If we continue the way we are, we will be here till the millenium.

Mr. MACINNIS: In that case this brief should not have been read.

The CHAIRMAN: I grant you that—I do not grant that it should not be read, but that each item should be decided. You may differ in your opinion with what Mr. Urquhart, or Mr. Ross, or Mr. Brunet has submitted. That is your privilege; but there should not be any argument with the reading of the brief by anyone, to lead up to supporting any contention they have. We are discussing this bill; that is our purpose for being here.

Mr. MARTIN (*Essex East*): May I say a word?

The CHAIRMAN: No, I am not through. I have come to this point now. I think we have all the information we can obtain from the construction association, and if there is going to be any further discussion as to the merits of the bill or the payment of premiums and benefits that is going to be derived from it, I think we are entitled to have the experts from the department to give information that will be helpful to us, and which will be authoritative for us, and to tell us about how this stands up.

This arguing with the submitters of the brief has reached the point now where it is going to hamper the work of this committee.

Mr. MARTIN (*Essex East*): I would like to say a word—

The CHAIRMAN: Just a minute. Before we go any further we are going to submit the first part of the bill, to keep the thing in order. Then I can hold—

Mr. MARTIN (*Essex East*): Mr. Chairman—

The CHAIRMAN: Just a minute, I will finish this.

Mr. SPENCER: When Mr. Martin is through I would like to say something, too.

The CHAIRMAN: This is Bill C-43, an act to amend the Unemployment Insurance Act.

Her Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:

We will leave that stand and go on; we have you on the bill at the present time, and then I can see whether you are in order or not.

Mr. MARTIN (*Essex East*): Mr. Chairman, now may we come back to this. We want to help the chair, and I think the observations you have made, on the whole, are apt. I will not pursue the question I had put. But I would like to ask Mr. Urquhart, with regard to No. 6, if he could tell us—he says there:

The proposed increase in contributions may not be sufficient to put the scheme in financial balance in view of the fact that the government also wishes to increase the schedule of benefits and lengthen the benefit period.

Do I understand that when that statement was made you did not have in mind the present bill, because you told Mr. MacLean that you had in mind then the suggestion of Mr. Humphrys of the 20 per cent increase. That did not take into account the schedule of benefits and length of the period that has been proposed in the bill. Am I right in that, or am I wrong?

Mr. SPENCER: I think you are wrong.

The CHAIRMAN: There will be no cross-fire. The gentleman will answer the question and what he says will be accepted; and there will be no counter-debate on it.

Mr. URQUHART: May I just reiterate:

The proposed increase in contributions may not be sufficient to put the scheme in financial balance.

I reported that to the Canadian Construction Association when our staff told us that the proposed bill was going to suggest further benefits because, in my feeling, that I was taken away from, the feeling of the advisory committee was that we could only balance the scheme by increasing the contributions and no corresponding increase in the benefits.

Mr. BROWNE (*Vancouver-Kingsway*): Then is it right to say at the time that was written you did not know what the increased contributions were going to be?

Mr. URQUHART: There was a piece in the local paper stating it was proposed to increase the benefit period from 36 to 52 weeks.

Mr. BROWNE (*Vancouver-Kingsway*): You did not know what the increased contributions were going to be?

Mr. URQUHART: We had heard the publicity. It was in the local press.

Mr. BROWNE (*Vancouver-Kingsway*): However, there was no assurance. You had no actual information, when the statement was made—no idea what the increased contributions were going to be, from any authoritative source?

The CHAIRMAN: Order.

Mr. SPENCER: Let us have an answer to that.

The CHAIRMAN: We are getting away from the point. He has made a statement and he can either say yes or no.

Mr. BROWNE (*Vancouver-Kingsway*): I asked him if he had any information from an authoritative source as to what the increase in the contributions were going to be when the statement was made.

Mr. URQUHART: I have answered this a good many times. Perhaps Mr. Brunet might answer it.



Mr. BRUNET: That brief was prepared last evening through an invitation which we received on Friday at our headquarters here in Ottawa to present a brief to this meeting. The brief was prepared by notes and minutes of the discussion which we had at the general management meeting two weeks ago here in Ottawa where, as far as I can remember, we had practically all the facts which came out in this bill. More so, before that I sat as a member of the national employment committee. I was at a meeting in Vancouver two weeks ago and those same points came up there. The way you see it in your hands right now, Mr. Chairman, is the way it was prepared last evening at our C.C.A. building.

Mr. BROWNE (*Vancouver-Kingsway*): Then what caused you to put that in at that time? What information did you have before you to make that decision?

Mr. BRUNET: Last evening we had the information which appeared in the newspapers and in the debates of the House of Commons.

Mr. BROWNE (*Vancouver-Kingsway*): How did you know what the increased contributions were going to bring to the fund in order to make a statement of that kind?

Mr. URQUHART: May Mr. Ross answer that?

Mr. ROSS: It is my distinct recollection that when we had this management meeting about a fortnight ago the remarks made in the unemployment insurance report were definitely predicated on the suggestion the benefit period would be increased to 52 weeks and the benefits paid would be increased as the bill now suggests. It is my definite recollection that we had that information offered to us as what was likely to be in the bill. Our thoughts were predicated on that.

Mr. MARTIN (*Essex East*): Then you say that having had all this knowledge which is now contained in the bill you say the present proposed increased contributions may not be sufficient to put the scheme in financial balance.

Mr. ROSS: Correct.

Mr. MACLEAN (*Winnipeg North Centre*): You cannot give us any figures on that?

Mr. ROSS: Only an actuary could give you that.

The CHAIRMAN: I think we have reached the point where no one can give us the information. This is the time we ought to hear from Mr. McGregor.

Mr. MARTIN (*Essex East*): Before we do, I have some more questions. At the bottom of paragraph 7 you say the new proposals will have an inflationary effect. Would you care to comment on that statement in greater detail?

The CHAIRMAN: This is just a comment and we can either accept or not accept it. It is immaterial to us what he thinks about this.

Mr. MARTIN (*Essex East*): I think it is.

The CHAIRMAN: No, it is not.

Mr. CARON: The chairman does not have the right to decide this. It is a right of the House of Commons. The chairman is only the chairman.

The CHAIRMAN: He is going to be the chairman, and don't you think he is not.

Mr. CARON: I think I will have to protest to the house. Do not try to bully us. We will not accept that.

The CHAIRMAN: Who won't accept it?

Mr. CARON: I won't. You have been bullying for the last ten minutes and I do not like it.

The CHAIRMAN: I wish to let you know that I am going to run this meeting.

Mr. MITCHELL: This is a submission by the Canadian Construction Association. What was the reason for calling them in the first place if we are not

going to be allowed to hear them. You are curtailing any discussion on the submissions which they have made. Why can we not make a comment on it?

The CHAIRMAN: We have been on it all day.

Mr. MACLEAN (*Winnipeg North Centre*): Since ten o'clock this morning.

Mr. MARTIN (*Essex East*): I am sure we are all fatigued at the end of the day and that is the reason for these expressions of feeling.

The CHAIRMAN: Let me make this clear. I made a ruling and I wish it distinctly understood that when I made a ruling it will stick. There will be no argument at the time as to whether it is right or wrong.

Mr. CARON: It is up to the committee to decide.

Mr. MARTIN (*Essex East*): I now move I be allowed to get from Mr. Urquhart his comment on my question based on paragraph 7. I propose that if you insist we do it by a motion that we so do. However, I wish Mr. Urquhart be allowed to make a comment.

The CHAIRMAN: What is the question?

Mr. MARTIN (*Essex East*): I asked Mr. Urquhart to give us a further comment on his statement in paragraph 7 that these new proposals will have an inflationary effect.

The CHAIRMAN: But he cannot give you any figures on it.

Mr. MARTIN (*Essex East*): Let the witness tell us.

Mr. MACLEAN (*Winnipeg North Centre*): I do not think there is any harm if Mr. Martin wants this.

Mr. MARTIN (*Essex East*): I would like to have Mr. Urquhart's viewpoint.

The CHAIRMAN: Are we going to have this discussion all over again?

Mr. MACINNIS: I think the meeting would go along faster if he were allowed to make this statement.

The CHAIRMAN: The point is that if this statement is allowed to go in then you will be able to go on with others.

Mr. MACINNIS: That is what I inferred earlier, that statements in this brief should either be accepted or not. The whole thing could have been ruled invalid this morning. Since it was allowed to go on I think it should be discussed.

Mr. URQUHART: I would ask that Mr. Brunet be allowed to answer it for me.

Mr. BRUNET: I have just proven from my own actual figures that with the recent rate of unemployment insurance a \$15,000 house would be increased by \$49.40-odd. We are more afraid of our dealings with labour all over the country. Every builder who is affiliated with our association knows that labour will take any excuse to ask for an increase in wages. Their interest is not so much what we pay them on the payrolls, but rather the amount of money they take home. If we have to take from them an increased amount of 60 cents, 30 cents, or whatever it actually is a week, it will be an argument for them, when they will be fighting most of the builders asking for an increase in salary, that they have to contribute more to the unemployment insurance.

Mr. SPENCER: You say that is inflationary?

Mr. BRUNET: Everything that tends to increase the cost of commodities or wages I feel is inflationary.

Mr. SPENCER: Then you feel every time there is an increased wage paid to tradesmen, that is inflationary?

Mr. BRUNET: Not exactly.

Mr. SPENCER: Then what is the difference?

Mr. BRUNET: The difference, sir, is that we are in a vicious circle. Every time wages are increased, the product is increased, and every time the product is increased, the wages are increased again. So I think, saying it in common language, not in legal language, that that is inflation.

Mr. SPENCER: Every time there is an increase it is inflationary, in your opinion?

Mr. BRUNET: So much so that I will answer you with the official figures, which show that last year the over-all picture in construction increased five per cent, and the wage picture increased 16 per cent against materials, four per cent; which gives an all over average of five per cent—I mean to say five points.

Mr. MACINNIS: Are you trying to tell the committee that the Canadian Construction Association is so weak at the bargaining table that they can present an argument that the employee's contribution to the unemployment insurance fund is increased by 36, whereas the company itself may be paying 500 times that amount? Are you going to permit that as a wage increase?

Mr. URQUHART: The Canadian Construction Association do not bargain with any man whatsoever.

Mr. MACINNIS: No, the company that is doing business at the bargaining table with labour would term such an argument to get an increase in their hourly rate, or whatever the rate may be, as just a silly argument.

Mr. URQUHART: I am a past president of the Montreal Builders Exchange, one of the larger exchanges in the country. I have been on the labour negotiations committee for many years. I have sat down with labour year after year, and every time the cost of living index moves up half a point, we get a demand from them for more money.

Mr. MACINNIS: Certainly.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, we are not here to argue management problems.

The CHAIRMAN: I knew you would get into that argument but you insisted on getting at the angle of inflation. I think we are entitled to hear from the departmental officials themselves. I think we have had sufficient questions asked on your submission today, and I do not think there is any point to be gained by exploring it further, because it has been pretty thoroughly covered already. I thank you very much.

Mr. BELL (*Saint John-Albert*): We appreciate very much that the Canadian Construction Association has come here, and if there was a little bit of excitement it was only because we are just as interested as you are in the bill. It certainly has been very informative on everybody's part to have your representations, and I think there is a great deal of credit coming to you for expressing yourself in the way you have.

Mr. URQUHART: We wish on behalf of the Canadian Construction Association to thank you people for giving us such an opportunity to explore the facets of the thing; and while I agree that we may not all agree on it, we feel we have been able to give you some food for thought when you come to discuss this bill. I want you to carry away with you the idea that the construction association has been, since its inception, trying to improve the workers' conditions, as well as the buyers' side right throughout.

The association itself is a non-profit association. Its members are not paid. They came at their own expense to all these meetings, and we are not only trying to improve the industry but also to make it possible for people to buy our products.

The CHAIRMAN: You do not have to go unless you wish, but we would like Mr. McGregor to come on now. He will probably be able to explain some of



the actuarial questions which you wanted answered, when you were asking questions.

Will you please come to the head table, Mr. McGregor?

Are there any questions pertaining to the actuarial side of the matter? This is Mr. J. McGregor, director of unemployment insurance. He has to do with the figures and the compiling, I think, of the actuarial lists.

Mr. J. MCGREGOR (*Director, Unemployment Insurance*): Our actuary, Mr. Humphrys, is also here, Mr. Chairman.

Mr. MACLEAN (*Winnipeg North Centre*): What really concerns me, and as mentioned in this brief, is the fact of the 30 per cent, of course. In the administration of the unemployment insurance fund I think it would be agreeable, or the best thing, if your disbursements throughout the year were equal to, or greater than what you took in every year. I would like to know whether or not this 30 per cent increase will in fact do just that?

Mr. MCGREGOR: That is exactly what the 30 per cent is intended to do. It will make the revenue at least equal to out-go from the fund.

Perhaps I might read a statement which the minister read in the house the other day. It might clarify the issue, if I may.

In his annual report to the unemployment insurance advisory committee last July, the actuary estimated that the annual contribution revenue would amount to \$240 million and the annual benefit payments to \$313 million. These estimates were based on the experience of the previous five years; took no account of interest earnings and made no provision for changes in the Unemployment Insurance Act as then existing.

When requested to report on the effects of the proposed changes, the actuary estimated—that increases in revenue would result as follows:

- (a) Addition of two new classes (7 per cent) \$16,800,000
- (b) Raising of ceiling ( $\frac{3}{4}$  per cent) \$2,000,000

Total increase in revenue \$19,000,000 and, by the same token, estimated increases in benefit payments as follows:

- (c) Addition of two new classes (3 per cent) \$9,400,000
  - (c) Increase in duration from 36 to 52 weeks ( $3\frac{1}{2}$  per cent) \$11,000,000
  - (e) Increase in allowable earnings (1 per cent) \$3,100,000
- Total increase in benefit payments \$24,000,000

The total increase in benefit payments therefore would be \$24 million.

Mr. MARTIN (*Essex East*): That is for this group to be admitted to the scheme, or for those now covered by the scheme?

Mr. MCGREGOR: The first item would be for the two new classes.

Mr. MARTIN (*Essex East*): The benefits you have totalled at \$24 million will apply to groups not now in the scheme?

Mr. MCGREGOR: Not necessarily so, no. Some of these already in the scheme will benefit.

Mr. MARTIN (*Essex East*): The two new classes: they are in the scheme now?

Mr. MCGREGOR: Yes, they would be in the highest earnings now.

Mr. MARTIN (*Essex East*): They are now covered by the Unemployment Insurance Act?

Mr. MCGREGOR: Yes, they are. The highest amount of benefit payment at the present time is \$30, and by adding the two new classes at the top end, some of those in the highest class would move into a new class.

Mr. MARTIN (*Essex East*): What percentage of workers does that cover?

Mr. MCGREGOR: About 18 per cent, but I am not sure of that figure. There was 40.7 per cent in the top class, as it stands now. They are broken down into three groups of 12.8 per cent, 8.9 per cent and 19 per cent under the proposal.

Mr. MARTIN (*Essex East*): Would you explain that to me; I do quite understand it.

Mr. MCGREGOR: At the present time the number of contributors who would fall into benefit in the top class is 40.7 per cent; 12.8 per cent will remain at \$30; 8.9 per cent at \$33—I am taking the highest dependency rate; and 19 per cent at \$36.

Mr. MARTIN (*Essex East*): Have you estimated there the total cost to the workers and employers of the additional rates of contribution?

Mr. MCGREGOR: Well, this is the total cost that I have just outlined now.

Mr. MARTIN (*Essex East*): No, the total cost of contributions.

Mr. MANDZIUK: This is the only increase.

Mr. MARTIN (*Essex East*): Those are the benefits.

Mr. MCGREGOR: We figure on a five-year average basis this would be \$41 million each for the employer and employee groups.

Mr. MARTIN (*Essex East*): \$41 million each, a total of \$82 million.

Mr. MCGREGOR: Yes.

Mr. PETERS: \$78 million was the figure he gave before.

Mr. MCGREGOR: We took that on a rough basis at that time and this is a more refined figure. If you would permit me, I would like to finish my statement at this time.

"After providing for the amendments, the adjusted figures are therefore as follows:

Estimated annual contribution revenue \$259 million

Estimated annual benefit payments \$337 million

Shortfall \$78 million.

A 30 per cent increase on \$259 million will produce exactly \$78 million.

Mr. SPENCER: Those are the same figures the Minister of Labour gave the other night.

Mr. MCGREGOR: That is correct.

Mr. MACLEAN (*Winnipeg North Centre*): So actually what this will do is balance your sheet for the year?

Mr. MCGREGOR: Taking no account of interest.

Mr. MARTIN (*Essex East*): What do you have to say about the statement made in the brief, that the proposed increase in contributions may not be sufficient to put the scheme in financial balance in view of the fact that the government also wishes to increase the schedule of benefits and lengthen the benefit period.

Mr. MCGREGOR: According to the actuary—and he is sitting beside me—it is his estimate that on a five-year period the income should equal the outgo on this basis.

Mr. MARTIN (*Essex East*): What were the total seasonal payments for 1958-59?

Mr. MCGREGOR: This is subject to adjustment, because the books were not closed when we took those figures; but they are \$116,484,888.55.

Mr. SPENCER: Could I have that figure again.

Mr. MCGREGOR: \$116,484,888.55.

Mr. MARTIN (*Essex East*): And what was the figure for 1957-58?

Mr. MCGREGOR: \$57,168,521.02.

Mr. MARTIN (*Essex East*): And what were the total benefits paid in 1958-59?

Mr. MCGREGOR: \$478,672,873.

Mr. MARTIN (*Essex East*): And for 1957-58?

Mr. MCGREGOR: \$385,076,330.50.

Mr. MARTIN (*Essex East*): And the balance now in the fund is \$496 million.

Mr. MCGREGOR: \$496,251,386.48. That figure is subject to adjustment; and today treasury tells me there is another \$4 million coming in.

Mr. MARTIN (*Essex East*): If we have a comparable level of unemployment in 1959-60 as we have had in 1958-59 there would be practically just enough to take care of the benefits.

Mr. MCGREGOR: Well, \$478 million against \$496 million. Of course, you have revenue coming in during the year.

Mr. MARTIN (*Essex East*): What will that revenue be?

Mr. MCGREGOR: Well, last year the total revenue, including interest, was \$230,724,000.

Mr. BELL (*Saint John-Albert*): And to you have the figures on the fishermen and the loggers? As mentioned, it was felt that was important in the extra depletion of the fund.

Mr. MCGREGOR: The loss of benefit paid out to fishermen—that is the outgo exceeded the revenue—since the scheme started on April 1, 1957—by \$13,878,000.

Mr. MARTIN (*Essex East*): That is just for fishermen.

Mr. MCGREGOR: Yes.

Mr. BELL (*Saint John-Albert*): And for loggers?

Mr. MCGREGOR: I am sorry, we do not keep them separate; and that is since April 1, 1957.

Mr. MARTIN (*Essex East*): And for loggers?

Mr. MCGREGOR: I am sorry but we have not that figure separate. We do not separate that figure.

Mr. CARON: The loggers are included with the fishermen?

Mr. MCGREGOR: No, that figure is for fishermen alone.

Mr. CARON: The loggers are included with the balance?

Mr. MCGREGOR: That is correct.

Mr. MARTIN (*Essex East*): There are no increases of benefits other than those you have stated?

Mr. MCGREGOR: Not in actual benefits to be paid; the only increase is in allowable earnings.

Mr. MARTIN (*Essex East*): Allowable earnings—\$3 million.

Mr. MCGREGOR: That is the estimated cost of it.

Mr. MARTIN (*Essex East*): And that is the only benefit to those now insured?

Mr. MCGREGOR: No, there is an increase from 36 to 52 weeks.

Mr. MARTIN (*Essex East*): That comes to what figure?

Mr. MCGREGOR: \$11 million.

Mr. MARTIN (*Essex East*): So that the benefits for those now insured are roughly \$14 million?



Mr. MCGREGOR: Yes. Plus some in the new classes. I tried to explain this. In the present top class some will move up into the thirty-three and thirty-six brackets, respectively and they will reap the benefit.

Mr. MARTIN (*Essex East*): You have not broken these figures down?

Mr. MCGREGOR: No, sir.

Mr. MARTIN (*Essex East*): Would it be 10 per cent?

Mr. SPENCER: Would it not be a guess?

Mr. MCGREGOR: \$9,400,000 is for the whole thing, including those coming in; but what portion of that is represented in the fund, I would not be sure.

Mr. CARON: These figures are only estimates?

Mr. MCGREGOR: Yes, estimates.

Mr. PETERS: On what economic condition did you base this \$11 million? I realize it is strictly a very broad estimate.

Mr. MCGREGOR: Perhaps the actuary could answer that.

Mr. HUMPHRYS: These calculations were based upon the economic conditions in the five-year period ending March 31, 1958.

Mr. MARTIN (*Essex East*): According to the report of the advisory committee of July, 1958, it points out that at one point you had recommended a lower rate of increase—20 per cent.

Mr. HUMPHRYS: Yes, I mentioned a figure of 20 per cent in that report.

Mr. MARTIN (*Essex East*): Would you explain that comment to us?

Mr. HUMPHRYS: That figure was based upon the assumption of adding two new classes and raising the ceiling for coverage, and no other change.

Mr. MARTIN (*Essex East*): No other change.

Mr. HUMPHRYS: And it did rely, to some extent, on interest revenue from the fund to make ends meet in an average year.

Mr. MARTIN (*Essex East*): Yes.

Mr. HUMPHRYS: So that the 20 per cent by itself, even under those assumptions, would not have been enough to raise the contributions to the expected average annual benefit payments.

Mr. PETERS: In working the actuarial figures for maintenance of this fund, what is the considered level of the fund? What is the safe actuarial level for money in the fund? In other words, should it be \$800 million, or \$500 million which would make a difference; because you have taken into consideration such things as interest on the fund?

Mr. HUMPHRYS: Yes. I have a general statement here that I think would be helpful to the committee, Mr. Chairman, to illustrate, perhaps, to some extent the surrounding conditions when one attempts to make accurate calculations in these matters. It also touches upon this question of how big the fund should be. If it is your wish, I will read this statement.

Mr. PETERS: Very well.

Mr. SPENCER: I suggest, Mr. Chairman, that he be allowed to give that.

Mr. HUMPHRYS: I should like to make clear at the outset that one cannot look for fine accuracy in calculations relating to unemployment insurance. There is no known way of predicting accurately what the economic climate will be from year to year or how the claim load under unemployment insurance will react. It must be recognized, then, that the financial structure of any scheme of unemployment insurance can only be kept in order by frequent reviews and possible adjustments to alter the level of income or outgo. In the final analysis, the only certainty about the matter is the actual experience, and the most intelligent way to plan for the future is to work from the

results of recent experience, making whatever adjustments seem to be necessary to allow for known factors that will create any new circumstances in the future.

The history of the plan in Canada stretches over a period that, until the last few years, showed very low unemployment. As a consequence, the income exceeded the outgo each year, and the fund grew; in fact, it grew to the point that some began to worry about its size. By reason of the favourable experience, many adjustments were made over the years, nearly all in the direction of increasing the outgo. These decreased the excess of income over outgo and, of course, slowed up the growth of the fund. They had the effect, however, of placing permanent commitments on the fund that would have to be met every year and not only in years where there happened to be a large excess of income over outgo. There was a steady trend over the years that raised the general level of outgo in relation to the income to the point that, even in very good years, the contributions from employees, employers and the government were insufficient to meet the benefit load, and only the interest earned on the fund enabled a deficit on the year's operations to be avoided.

When the Act was extensively revised in 1955, the relative level of contributions and benefits was such that the benefits would exceed the contributions in an average year, based on the five-year experience up to March 31, 1954. The existence of a large fund, however, produced substantial interest revenue and as a consequence it seemed likely that the fund could make ends meet each year if experience remained at about the average for the five years ended March 31, 1954. These were, of course, very good years, employment-wise. Whether the future would be worse, no one could say, but it hardly seemed possible that unemployment would go much lower than it was in that period.

In my report on the bill to amend the Act in 1955 I made the following statement concerning the contributions:

It appears from these figures that the contributions will not in themselves be sufficient to support the benefits. However, so long as a large fund exists, the revenue will be considerably bolstered by interest earned on the fund. The estimated cost of benefits is based upon a level of claims that corresponds in general to the average of the last five years ended March 31, 1954. If the future should produce much higher claim costs than were shown in this period of five years, then it may well be that the proposed rates of contribution will not be sufficient. However, the size of the existing fund should provide sufficient safeguard to allow enough time to make necessary adjustments.

In actual experience, the year 1956-57, the first full year of operation for the revised scheme, showed low unemployment—not as low as 1950-51, 1951-52 and 1952-53, but lower than any subsequent year. In that year contributions amounted to \$226 million and the benefits to \$231 million. In 1956-57 the average proportion of the insured population on benefit was 6 per cent and the average proportion of the civilian labour force without jobs and seeking work was 3.2 per cent. For the five years ended March 31, 1954, the average proportion of the civilian labour force without jobs and seeking work was 2.5 per cent, and for the five years ended March 31, 1958, it was 4 per cent.

In the years following the revision in 1955, not only did unemployment reach and stay at higher levels than in the five-year period ended March 31, 1954; but, in addition, a number of further amendments were made that increased the benefit load on the fund. The eligibility tests were eased, the formula for calculating the duration of seasonal benefits was changed to give more benefit for a given number of contributions than formerly, the period

during which seasonal benefits could be drawn was lengthened, coverage was extended to include fishermen. These changes increased the benefit costs to the point that had they been in effect in a year as good as 1956-57, there would have been little, if any, growth in the fund.

Judging from the last five or even more years, it does not seem that one can confidently look for unemployment as low as in the year 1950-52; it seems, rather, that a plan should be made to try to balance income and outgo on the basis of unemployment as it existed in the last few years. The actuarial calculations referred to in the material supplied by the Unemployment Insurance Commission—this is a document that I believe the commission plans to distribute to the members—were based on the five-year period ended March 31, 1958.

Mr. MARTIN (*Essex East*): What is that document you referred to a moment ago?

Mr. MCGREGOR: That is one we propose to circulate and distribute to the members of this committee—financial statements.

The CHAIRMAN: Have you enough copies there?

Mr. CARON: May we also have the statement given to the members of the committee that the witness is reading now?

The CHAIRMAN: It will be on the record.

Mr. HUMPHRYS: I have only two copies.

Mr. CARON: Not now, but at the next sitting of the committee?

The CHAIRMAN: It will be on the report.

Mr. CARON: Oh, it will be on the report.

Mr. SPENCER: We will not get that for many days, though.

The CHAIRMAN: We can try to get it faster.

Mr. BELL (*St. John-Albert*): How many years back are you calculating your new thoughts with regard to the fund?

Mr. HUMPHRYS: It is on the five-year period ended March 31, 1958. The actuarial calculations, referred to in the material supplied by the Unemployment Insurance Commission, were based on the five-year period ended March 31, 1958. The year 1958-59 showed unemployment and claims 50 per cent higher than the average for that five-year period. Unless future years show a substantial improvement over 1957-58 and 1958-59, contributions based on the experience of the five years ended March 31, 1958, will not prove to be sufficient to maintain the fund.

The matter is made more complex by the fact that the benefit load on the fund depends not only on the extent of the unemployment but also on its character. By reason of the effect of the eligibility rules and the benefit formula, the benefit load does not vary in direct proportion to the level of unemployment though, of course, there is a strong correlation.

A question that sometimes arises in connection with the financial structure concerns the size of the fund. How large should the reserve fund be? At the end of the fiscal year 1958-59 the balance in the fund was \$496 million and this, in itself, is a very large amount of money. However, to form some judgment of its meaning in relation to the scheme of unemployment insurance it must be related to obligations or potential obligations resting upon the fund.

The benefit payments for 1958-59 amounted to \$479 million, in 1957-58 to \$385 million and on the basis of the unemployment experience of the five years ended March 31, 1958, one might expect an average benefit load of \$337 million per year, assuming no change in the insured population and the enactment of the proposed amendments adding new classes, raising the wage ceiling for coverage, raising the allowable earnings and increasing the



maximum duration of benefits. Thus the reserve fund is less than the benefit payment of two average years and is less than the benefit payment would probably have been in 1958-59 had the proposed amendments been in effect.

Looking at the reserve in terms of the amount per insured person, it is found that the reserve at the end of February was \$131 per person as compared with a high point of \$286 per person in October 1953. The trend has been steadily downwards since the fiscal year 1953-54 in the sense that the amount of the fund at the end of any month subsequent to that year was less than at the end of the corresponding month of the previous year.

The average weekly benefit payment is now about \$22 per week. A reserve of \$131 then represents about six weeks of benefit. At its high point, the fund represented a reserve of about fifteen weeks of benefit per person.

It can be expected that the natural growth of the population will increase the number in insured employment and thus the reserve per person will fall even if the fund remains level. Also if the average rate of benefit increases by reason of rises in the general level of salaries and wages, the value of the reserve in terms of weeks of benefit per person tends to fall. Thus there can be a weakening of the reserve strength even without a decrease in the fund balance.

There is always a considerable lag between the time when events point to the need of some financial adjustment and the time that any such adjustment is actually brought into effect. First there is action by the advisory committee, then legislative action, then administrative action. The annual report of the advisory committee to the governor in council is made in July, and it is not likely that any changes in contribution stemming from that report could be brought into effect until a year or more had elapsed—indeed it is highly desirable that adequate time be available for all concerned to consider a matter of such importance. The existence of a strong reserve fund provides this essential time element, free from the pressure of urgency that would exist were the fund exhausted. It also provides time to wait and observe experience so that reasonable certainty can be attained concerning underlying trends, thus keeping to a minimum the number of contribution changes.

There is no fixed rule in actuarial or other theory to guide one concerning an appropriate reserve. It remains a matter of judgment to determine when the fund is dangerously low, when it is unduly large or when it seems to be reasonably adequate.

At the present time the facts indicate a heavy recent drain on the fund; the prospect of some further drain even if conditions improve as compared with the last two years; a level of benefit and contributions that would provide no replenishment of the fund even in a year as good as 1956-57; a steady growth in the insured population and so in the absolute amount of benefit paid out for any level of unemployment; a substantial decline in the interest revenue by reason of the drop in the amount of the fund; and the possibility of investment losses on liquidation of securities so long as the market values remain at existing levels. All of these considerations point to the need for some increase in the revenue if a serious emergency is to be avoided.

The adjustment proposed seems to be the minimum necessary to provide revenue to meet the expected benefit load on the basis of the experience of the five years ended March 31, 1958, and assuming that the other proposed amendments are adopted. Such an adjustment should restore relative stability to the fund in the absence of permanently higher levels of unemployment than we have experienced in recent years and of any further amendments likely to increase the benefit load.

Mr. MARTIN (*Essex East*): Mr. Chairman, may I ask what is the order? Has the steering committee worked out a program for us?

The CHAIRMAN: Just at the present moment we have two for Thursday. There is the Chamber of Commerce and the Canadian Manufacturers Association; and the Canadian Labour Congress has asked for Friday to appear, so it will have to be Friday morning.

It is just a question now as to whether the steering committee should not go over these names to see if it is necessary to bring them all here, to see that some of them do not go over ground covered by different ones. In other words, it may be they will not have anything to contribute, other than what is covered by the ones preceding them. I think the steering committee should discuss that matter, how many they think they should have before them.

Mr. MARTIN (*Essex East*): If any group wishes to appear, for instance, the Canadian Chamber of Commerce and the Catholic syndicates, they might cover a lot of the same ground, but they are two different organizations.

The CHAIRMAN: We have the United Mine Workers and the International Railway Brotherhoods, National Legislative Committee.

It is a question of the opinion of the steering committee, whether they think they would not be covering the same ground, or whether you would like to hear them all.

Mr. MACLEAN (*Winnipeg North Centre*): The organization cannot tell you.

Mr. MARTIN (*Essex East*): I think if they want to come they should be allowed to come.

The CHAIRMAN: But if they are going to present the same material as has already been presented to us, it would not make sense.

If you had some means of determining what the brief would be you could judge if they would be going over the same ground.

To my way of thinking it would be wasting our time to hear the same argument over again, or the same submission over again.

Mr. MARTIN (*Essex East*): I think we have to be careful about that. You must not forget these labour organizations are heavy contributors to the fund, and while the Canadian Labour Congress might speak of the principle, there might be details some of them would cover in the light of their own special experience. I, for one, think that it would be rather dangerous to exclude any body which wants to come before this committee.

The CHAIRMAN: I am not on the point of excluding them. That is what the committee is for. If we are sure they will all come up with different briefs and have different points of view then it would be in order. However, I do not see how they can get very many points of view which they can present. It is not a question of stopping them but rather it is a question of our sifting them out.

Mr. MACLEAN (*Winnipeg North Centre*): Is it possible that later on if we require additional information we will have Mr. McGregor back?

The CHAIRMAN: Yes.

Mr. BELL (*Saint John-Albert*): We have had a good day, Mr. Chairman.

Mr. MARTIN (*Essex East*): Could we have the minutes of the special meeting of the advisory committee which was held on August 26 last?

The CHAIRMAN: What is that?

Mr. MARTIN (*Essex East*): The minutes of the meeting of the advisory committee of the Unemployment Insurance Commission which met on August 26, 1958.

The CHAIRMAN: I think it would be better—

Mr. MARTIN (*Essex East*): I am asking for that. If you think I am not entitled to it, then say so. You will recall in the house the other night the minister tabled the minutes of some other meetings of the advisory committee, but there were no minutes tabled of the meeting of August 26.

The CHAIRMAN: That was not germane to the amendments brought in. Mr. Speaker ruled it out.

Mr. MARTIN (*Essex East*): It was tabled.

The CHAIRMAN: Yes; but we are only discussing the amendments to the act. You are trying in this committee to get over a point which you could not in the house. The speaker over-ruled you.

Mr. MARTIN (*Essex East*): Mr. Speaker ruled me out on one point, but that was on the estimates of the Department of Labour. I am asking if you will have produced for this committee the minutes of the unemployment insurance advisory committee special meeting held on August 26, 1958. The Minister of Labour tabled certain reports of the advisory committee, and attached to at least one of those was the minutes of some of the meetings. I am now asking for the minutes of the meeting of August 26, 1958.

The CHAIRMAN: You say they were tabled?

Mr. MARTIN (*Essex East*): They were tabled in the house.

Mr. MACLEAN (*Winnipeg North Centre*): I do not think the committee can tell the minister to do this.

The CHAIRMAN: We will refer it to the steering committee to see what they say about it.

Mr. MARTIN (*Essex East*): Just a minute, now. That is a request made by a member of the committee. The steering committee may look at it, but it is a question which I think will have to be dealt with by the committee.

The CHAIRMAN: I will look into it; but personally, on the face of it, I would rule it out of order.

Mr. MARTIN (*Essex East*): Why?

The CHAIRMAN: Because it is not pertinent to what we are discussing here.

Mr. MARTIN (*Essex East*): It certainly is pertinent, because if you look at the report of this advisory committee of August 26 you will see it deals with the state of the fund. It will be very important information for us to have in order to ascertain whether or not the committee at that time was in a position to judge as to the state of the fund. I think they were. I am, however, asking for the production of it.

The CHAIRMAN: They are an advisory committee.

Mr. MARTIN (*Essex East*): Would you tell me that you rule it out of order, and I will form a resolution.

Mr. MACLEAN (*Winnipeg North Centre*): He has not yet made a ruling. It is something he will look into.

Mr. MACINNIS: Is the information in this report not already covered?

The CHAIRMAN: The advisory committee cannot give us any more information than we have from the actuaries and the officials here.

Mr. MARTIN (*Essex East*): If that is true, we might as well close the deliberations of this committee. At some stage in our deliberations here we have the investment committee of the unemployment insurance fund, because we have some very important matters which we feel should be discussed. We cannot have this discussion unless we have the members of the investment committee here. In order to be fully apprised of the situation we have to know the workings of the advisory committee. We cannot possibly know unless we know what they regarded the state of the fund to be at that time. In the report of August 26 they refer to the perilous state of the fund. They make generalizations. We would like to know—I would like to know as a member of this committee.

Mr. SPENCER: You already know.



Mr. MARTIN (*Essex East*): No, I do not.

Mr. MACLEAN (*Winnipeg North Centre*): I suggest you take this under advisement, Mr. Chairman, and rule upon it at a subsequent meeting.

The CHAIRMAN: Very well.

Mr. MARTIN (*Essex East*): I do think our work will entail more than an examination of briefs. We have to know the state of the fund, what investments were made by the fund, and we have to ascertain what losses were incurred by the fund, and why there were losses incurred by the fund. All these things are very germane to the issue as to whether or not the rates of contribution proposed are adequate, or whether they are too high, or too low. If they are too low, why are they too low? These are facts I think we have to go into very carefully.

The CHAIRMAN: That is quite true, but you can get them from the actual suppliers of the information.

Mr. MARTIN (*Essex East*): No, it would not be fair to ask Mr. McGregor for the reasons the investment committee took certain steps, and why the labour members of the committee took a particular position at the meeting of August 26.

Mr. MACLEAN (*Winnipeg North Centre*): That has nothing to do with it.

Mr. MARTIN (*Essex East*): It has everything to do with it.

Mr. MACLEAN (*Winnipeg North Centre*): You want to conduct a real witch-hunt.

Mr. MARTIN (*Essex East*): We want to analyze the material which was analyzed in the house, and if my hon. friend would only look at the report, I think he would surely say that members of the committee ought to do two things. You will have to get the report, otherwise I shall keep on asking for this information.

The CHAIRMAN: I will take the matter under advisement. This is a point I cannot go along with, but I would like to examine what happened in the house to see how it relates to this before I make a ruling about it. I think it is out of order again.

Mr. MARTIN (*Essex East*): You keep on saying that it is out of order. But we are here to determine whether or not the rates of contribution proposed in this bill are proper. And the only way we can ascertain whether or not they are proper is to know whether or not the fund—the administration of that fund—has been in accordance with the act. We have to know whether the losses are losses which are due to circumstances beyond the control of the investment committee, or whether they are due to certain other factors, and it is those other factors we have to examine into.

The CHAIRMAN: I agree that it can be thoroughly examined, but I do not necessarily go along with you that this is the only way we can get the information.

Mr. MARTIN (*Essex East*): I would be glad to move adjournment now, Mr. Chairman. As to your proposed ruling, I submit it is one to be made by the committee and not by the chairman.

The CHAIRMAN: The chairman has the right to rule if he thinks it is not pertinent to this committee. Mr. Bell moved the adjournment, but he went away before the motion was disposed of.

Mr. MARTIN (*Essex East*): Therefore I move we adjourn, Mr. Chairman.  
Agreed.

The committee adjourned.



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Can.  
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I.

*James Macdonald Kellogg  
Standing Committee, 1959*

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

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STANDING COMMITTEE

ON

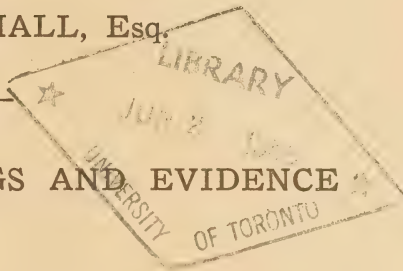
**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

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**MINUTES OF PROCEEDINGS AND EVIDENCE**

No. 2



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Bill No. C-43

An Act to amend the Unemployment Insurance Act.

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THURSDAY, MAY 21, 1959

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WITNESSES

*From the Canadian Manufacturers Association:* Mr. D. Alan Page, Chairman, Ontario Division Labour Relations Committee.

*From the Canadian Chamber of Commerce:* Messrs. K. G. Baker, Member, Labour Relations Committee and W. J. McNally, Manager, Policy Department.



STANDING COMMITTEE

ON

INDUSTRIAL RELATIONS

*Chairman:* R. H. Small, Esq.,

*Vice-Chairman:* T. Ricard, Esq.,

and Messrs.

Allmark,  
Beech,  
Bell (*Saint John-  
Albert*)

Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),

Caron,  
Deschatelets,  
Drouin,  
Grafftey,  
Granger,

Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McWilliam,  
Mitchell,

Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

THURSDAY, May 21, 1959.

(4)

The Standing Committee on Industrial Relations met at 11.00 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Bell, Browne (*Vancouver-Kingsway*), Caron, Grafftey, Granger, MacInnis, MacLean (*Winnipeg North Centre*), Mandziuk, Martin (*Essex East*), Martini, Mitchell, Noble, Peters, Ricard, Simpson, Small, Smith (*Winnipeg North*), Stanton, and Thrasher.—19.

*In attendance:* From *The Canadian Manufacturers' Association*, Messrs. W. H. Evans, First Vice-President, The Canadian Manufacturers' Association and President, Honeywell Controls Limited; J. C. Whitelaw, General Manager; C. W. George, Ottawa Representative; N. S. Shurtleff, Manager, Insurance Department; E. F. L. Henry, Manager, Industrial Relations Department; D. Alan Page, Chairman, Ontario Division Labour Relations Committee and Director of Personnel, The Goodyear Tire and Rubber Co. of Canada Limited; J. A. Belford, Director of Personnel & Industrial Relations, Massey-Ferguson Limited; W. F. Cook, Vice-President, Kimberly-Clark (Canada) Limited; Kenneth Hallsworth, Director of Industrial Relations, Ford Motor Company of Canada Limited; R. S. Ritchie, Manager, Department of Employee Relations, Imperial Oil Limited; T. H. Robinson, Manager, Industrial Relations, Canadian International Paper Company.

*From the Canadian Chamber of Commerce:* Messrs. F. W. Bradshaw, Chairman, Labour Relations Committee; K. G. K. Baker, Member, Labour Relations Committee; W. J. McNally, Manager, Policy Department.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; C. A. L. Murchison, Commissioner; Jas McGregor, Director, Insurance Branch; and C. Dubuc, Director, Legal Branch.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Chairman announced the schedule set up by the Steering Committee, of organizations who will be invited to appear before the Committee.

The Chairman made a statement ruling against production of minutes of the Unemployment Insurance Advisory Committee as requested by Mr. Martin (*Essex East*) and also ruled against calling members of the Advisory Committee before this Committee.

After discussion, it was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that the minutes of the Advisory Committee of August 26, 1958 be made available for the Committee. Following debate thereon, the motion was negatived: YEAS, 5; NAYS, 8.

Mr. Caron proposed that representatives of Canadian Metal Mining Association be called before this Committee. The Chairman advised that the Steering Committee would consider this matter.

The Chairman called Mr. W. H. Evans, who in turn, introduced the members of his delegation.

Copies of a submission prepared by the Canadian Manufacturers Association were distributed to the members of the Committee.

Messrs. Page and Henry read the brief of The Canadian Manufacturers' Association.

The Chairman then called Mr. Bradshaw, who introduced the members of the delegation from the Canadian Chamber of Commerce.

Copies of a submission prepared by the Executive Council of the Canadian Chamber of Commerce were distributed to the members of the Committee.

Mr. Baker then read the brief of the Canadian Chamber of Commerce.

After discussion, it was agreed that the Steering Committee would meet after adjournment of this meeting to decide when the representatives of The Canadian Manufacturers' Association and the Canadian Chamber of Commerce would be questioned.

At 1.30 p.m., the Committee adjourned to the call of the Chair.

#### EVENING SITTING

(5)

The Standing Committee on Industrial Relations resumed at 6 p.m., the Chairman, Mr. R. H. Small, presiding.

*Members present:* Messrs. Bell (*Saint John-Albert*), Browne (*Vancouver-Kingsway*), Caron, Grafftey, Granger, Lafrenière, Lahaye, Martin (*Essex East*), Mitchell, Noble, Peters, Simpson, Small, Smith (*Winnipeg North*), Spencer, and Thrasher.—16.

*In attendance:* (Same as listed for morning sitting).

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

Discussion arose as to whether debate should be confined to the Bill before the Committee.

It was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that questioning be allowed of witnesses before the Committee on the reports made by the Unemployment Insurance Advisory Committee.

After debate, by leave, the motion was withdrawn.

Messrs. Page, Baker and McNally were questioned.

Questioning concluded, Messrs. Page and Baker summarized the submissions presented by The Canadian Manufacturers' Association and the Canadian Chamber of Commerce.

*Agreed*,—That Mr. Bell (*Saint John-Albert*) would be Acting Chairman for the meeting of Friday, May 22 due to the anticipated absence of Mr. Small.

At 8 p.m., the Committee adjourned until 9.30 a.m. Friday, May 22.

M. Slack,  
*Clerk of the Committee.*



## EVIDENCE

THURSDAY, May 21, 1959.

11 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. The steering committee has met and we have decided that the order in which future representations will be brought up will be as follows. On Tuesday, May 26, we will have the Canadian and Catholic Federation of Labour and the international railway brotherhoods. On Wednesday, May 27, we will have the Canadian Bankers Association, the Canadian Pulp and Paper Association and the Canadian Board of Trade of metropolitan Toronto. On June 2, we will have the Canadian Retail Association, Simpsons-Sears Limited and the T. Eaton Company Limited. For Thursday, May 28, there are a couple of organizations we have to get in touch with to see if it is necessary for them to come. We want to ascertain if their briefs are the same as some of the organizations with which they are associated. We have checked with these organizations to see if there would be any difference in their briefs.

Mr. MARTIN (*Essex East*): That is the point I made. I do not think that is the function of the steering committee. I think if an organization wishes to come, even if its brief is the same, it should come for the purposes of interrogation.

Mr. MACINNIS: I have every intention they will come.

The CHAIRMAN: I contacted the Canadian Construction Association. The Halifax Construction Association is an affiliate organization and I have checked to see if their briefs are similar; if they are not, we will hear them. They are related companies and if their viewpoint is the same I thought it would be taking up the time of the committee, and we would be able to decide. However, if there is any difference in their briefs, we are going to hear them.

Now, very careful consideration has been given to the discussion which we had the other night and about which there has been quite a lot of talk.

Mr. MACINNIS: Excuse me, Mr. Chairman, have we not a group here today who are to present a brief to us?

The CHAIRMAN: Yes.

Mr. MACINNIS: Do you not think that any discussion in regard to what you started to mention should be discussed before the committee? Right now we have a group of gentlemen here who are waiting to present a brief. Do you not think that we should get along with the presentation of their brief and after we have discussed that we will deal with this other business.

The CHAIRMAN: I do not think there is anyone in here at the present time who is presenting a brief; they are all outside. Pardon me, I see there are a couple of gentlemen here. Perhaps those gentlemen could retire until we get this business straightened out.

Mr. CARON: Are you through with them?

The CHAIRMAN: No.

As you know, gentlemen, we are here to consider Bill C-43. The committee has agreed to hear representations from interested organizations. We have been hearing these organizations. We have already spent a considerable amount of time discussing their representations. I would ask that these discussions be

kept to a minimum. The reason is that once we have the general outline of their propositions, the details are not too urgent. Also, I would suggest that witnesses not be pressed to give opinions or figures on subjects outside their own field of knowledge or their own particular qualifications.

Beyond the hearing of these representations, which is being undertaken both as a courtesy to these groups and as a source of information for this committee in its deliberations, I do not think we should go.

After we have heard these groups, we should get right into the bill. That is why we are meeting.

The bill has been referred to this committee for study. I feel I should point out to the members of the committee that this committee has strayed far afield from the provisions of this bill, which relates specifically to certain amendments.

There has been considerable talk here about the advisory committee. There has been a request for the tabling of the minutes of a meeting of the advisory committee and there has been a request that members of the advisory committee be called.

Matters relating to the advisory committee or to its conduct or to its deliberations are completely outside the purview of the present reference to this committee which, as I have said, relates to the present amendments included in the bill.

Mr. Speaker took the same view in the House of Commons when this bill was before the house. I cannot accept the view that what was out of order in the house is in order in this committee.

I feel that I am on sound ground when I say that the advisory committee is irrelevant to the consideration of these amendments.

Let me explore the situation a little further. We have had bodies come forward with submissions relating to these amendments. They have done so at their own request. The advisory committee has not requested a hearing before this committee. The reason for this, presumably, is that the views of the advisory committee are already available in the annual report of the advisory committee. As to the state of the fund, this was amply and ably detailed in the actuary's statement the other night.

The views of the advisory committee have been made available to the Unemployment Insurance Commission and to the governor in council.

Therefore, it is not necessary to call the advisory committee on any matters relating to these amendments.

Thus, the only reason for calling the members of the advisory committee would be to deal with matters not relating to these amendments. I would be then obliged to rule out any such discussion.

Further, I would point out to hon. members that the advisory committee is a body in a rather peculiar position. These are people who give of their time on a voluntary basis. By statute they are required to report once a year on the state of the fund. They may also from time to time report on certain matters referred to them. They are entitled to a certain amount of privilege and to call them forward to explain or justify their actions would be an infringement of that privilege. In short, I suggest that when the committee reports, it does so as a collective body and to call them forward to answer questions would be an infringement of that protective collectivity.

Let me refer to one other consideration, perhaps even more important. Resignations have reduced the strength of the advisory committee. We are in the position now, where if we called this committee we would have the opinions largely of the management side, since I believe that there is only one representative of the workers' side on the committee.

To call the committee under the circumstances would hardly be representative of the complete picture which I am sure this committee would require in its deliberations.

The question is, can a partial committee speak on behalf of both labour and management?

Now, coming to the question of tabling the minutes of a meeting of the committee—I submit that the same consideration regarding privilege applies here.

These minutes relate to the private views and opinions of the members of the advisory committee. As such, they are not public documents.

My own feeling is that we could be accused of an invasion of their privacy and their right of private deliberation in placing the minutes before this committee for discussion, as we would be in calling in the members themselves.

We already have the views of the committee in the annual report, which has been tabled and which is available to hon. members. We also have the views relating to the minutes, which the hon. member for Essex East has asked for, in the report of August 26 last, which has also been tabled.

The report of August 26 is a report prepared by the advisory committee relating to the meeting of August 19, of which the minutes have been requested. The report of August 26 contains the results of those meetings. I do not feel that we are entitled to ask for the record of the private opinions and views of the members of the advisory board.

If it is observed that the minister has already tabled a set of minutes, I submit that the minister is in a position where in the light of events taking place in the house, he may deem it wise to undertake a certain course.

However, this committee must be the judge of the propriety of matters which arise within this committee.

I do not intend to be inflexible on these matters. My opinion is that the advisory committee itself and the minutes of the advisory committee are both outside the matters which have been referred to this committee—and I refer specifically to Bill C-43, entitled an Act to Amend the Unemployment Insurance Act. This is what we have to deal with.

Before making a ruling, I would be pleased to hear from members of the committee.

Mr. MARTIN (*Essex East*): Well, the member for Cape Breton South had suggested that before we proceed with the business that did not involve the presentation of outside opinion we might listen to such representations, and I would have been prepared to accede to that suggestion; but now that you have made this most unusual statement, I find it necessary to comment on it and that will mean a delay in the hearing of the representations before us. That is unfortunate, because this afternoon the house will be dealing with the Labour estimates and it would not be proper for this committee to sit while the house is sitting on that account. As a result of that statement you have just made, it may be that our session this morning will be somewhat protracted because if this committee is to carry out the point of view which you have expressed just now, well then, this committee might as well close up. It will not be able to examine this bill because it will be precluded from dealing with matters that are very germane.

The CHAIRMAN: They are not.

Mr. MARTIN (*Essex East*): You say they are not? I would hope for the good conduct of this committee the chairman would recognize there are limitations on his right in the absence of the decision of the committee to express opinions.

An Hon. MEMBER: Why?

Mr. MARTIN (*Essex East*): My friend says “why”, and I propose to show how absurd that position is.

I asked for the production of the minutes of the meeting of the advisory committee of August 18. I have before me a photostatic copy of that report, which I caused to be made, that was tabled by the Minister of Labour in the



house. I asked for the production of the minutes of that meeting and the chairman says these are not properly producible. I point out when the Minister of Labour tabled similar reports that had been prepared by the advisory committee for the use of Mr. Gregg, the former Minister of Labour, attached to it was the minutes of at least one of the meetings. If it was proper for the Minister of Labour to table in the house the minutes of one of those meetings of the advisory committee, by what argument can it be said that a request for the minutes of August 18 should be denied?

Mr. BELL (*Saint John-Albert*): Because Mr. Gregg did something does not mean—

Mr. MARTIN (*Essex East*): I said the present Minister of Labour the other night in the house produced these minutes and I am now asking that minutes for a similar meeting, namely that of August 18, be produced. If this committee rules that out of order, it will be denying us the opportunity of ascertaining further details of the reasons taken by the advisory committee unanimously with regard to the most important matter involved in this bill and that is the present proposed rates of contribution. I will make the motion later on for the production of these minutes and the committee will have to deal with it. If they refuse this, I think we will have to go to the house and argue it out. We are on strong ground because the Minister of Labour has already produced the minutes of another meeting.

Mr. BELL (*Saint John-Albert*): Was he asked to produce them?

Mr. MARTIN (*Essex East*): No, he voluntarily produced them.

The CHAIRMAN: I said that was the prerogative of the minister if he wanted to produce it of his own volition.

Mr. MARTIN (*Essex East*): It is amazing that the chairman would make a statement like that. Of course, it is not the prerogative of the minister. If this is a document the Minister of Labour can produce in regard to one meeting, it cannot be denied under the practice of our house to any member of parliament. If it is wrong to ask for the minutes of the meeting of August 18, it was wrong to produce the minutes of the meeting, which the minister did.

Mr. GRAFFTEY: Pardon me if I do not argue this particular matter on its merits. It undoubtedly has merit on both sides. However, we have at the present time waiting outside in the hall senior officers of the Canadian Chamber of Commerce. I believe it would be discourtesy on the part of this committee to keep them waiting any longer. In many instances they are gentlemen who have come a long way to be heard. I think we are showing an outright discourtesy to these senior citizens by keeping them waiting in the hall.

The CHAIRMAN: I agree with you it is discourteous, but I think we should clean this up.

Mr. MARTIN (*Essex East*): I agree with you, but unfortunately the chairman decided to bring this matter forward and there is no alternative but for us to deal with it. You, Mr. Chairman, also took the position that the advisory committee could not be called. That is contrary to the statement which now is on the record as coming from you at our first meeting, when you said we could call members of the advisory committee. I think that view was expressed by you when Mr. Urquhart, who was appearing on behalf of the Canadian Construction Association, at one point decided—and I think properly—that he should speak not as a member of the advisory committee but as a representative of the Canadian Construction Association.

I submit to you that if we are going to be denied the right of questioning members of the advisory committee, a body appointed by parliament and not

by the government for the purpose of recommending on matters having to do with the fund of the Unemployment Insurance Commission, that we will not be able to arrive at a conclusion objectively as to whether or not the proposed rates of contribution in this bill are justifiable.

As a member of this committee, I am going to take the position that we have the right to examine the members of the advisory committee. We have the right to ascertain why, at the meeting of August 18 and at the meeting of August 26, they arrived at the unanimous view there should be no increase in the rates of contribution because of the perilous state of the fund, and that the federal contribution should be increased so as not to impose an additional burden on the employers and employees.

You give as one of the reasons the fact that Mr. Speaker had ruled me out of order. It is true he ruled me out of order, but not for the reason the chairman has mentioned. The ruling of the speaker had to do with another matter altogether. We had charged that the Minister of Labour had failed to comply with the Unemployment Insurance Act.

The CHAIRMAN: Just a minute—

Mr. MARTIN (*Essex East*): I am now dealing with your statement.

The CHAIRMAN: I think you are on the wrong track. That ruling was made when the discussion of this bill was before the house by the Minister of Labour—Bill C-43—and it was ruled that the report could not be discussed under that bill but that you could bring it up at some other opportunity.

Mr. MARTIN (*Essex East*): That is the point I am now dealing with. Mr. Chairman, you are in error. I am pointing out the circumstances of the speaker's ruling. The speaker ruled it was not permissible, on discussion of this bill, to deal with the question of the Minister of Labour failing to comply. He said that was out of order and we could raise the issue in another matter, and it was when we were dealing with the estimates of the Department of Labour. The speaker did indicate that in discussing this particular bill we have the right to examine, comment and speak on the two reports of the advisory committee, reference to which I already have made. That is the point. We are not now dealing with the charge of violation on the part of the Minister of Labour. I would now agree that that cannot now come before this committee. That is what Mr. Speaker ruled on. He did not, however, preclude the members of the House of Commons from debating the two reports. These two reports, if they can be debated, obviously can only be discussed in this committee by having the members of the advisory committee here at some future time to discuss the reasons for the position that they have taken so that we, the members of the committee, can decide whether or not it was justifiable for the administration to recommend an increase in the rates of contribution without at the same time providing for an increase in the rates of benefit.

I also say that we want to ask, during the course of our deliberations, for the opportunity of examining and interrogating the members of the investment committee. The members of the investment committee, under section 20 of the Unemployment Insurance Act, are made responsible for policy having to do with the investment of the very heavy securities of the Unemployment Insurance Commission. As we all know now, the Unemployment Insurance Commission, wittingly or unwittingly, made an investment which resulted in a loss of \$10 million in one year alone.

The CHAIRMAN: You are not going to discuss—

Mr. Martin (*Essex East*): I am asking—this is on a point of order.

The CHAIRMAN: You are not introducing a new subject matter on a point of order. You are challenging the ruling of the chair. Stick to that point. You are not introducing new subject matter into this.

Mr. MARTIN (*Essex East*): Mr. Chairman, I want you to know that as the chairman of this meeting you are the presiding officer, but you have no right to tell any member of the committee he can or cannot do that. You can make a ruling and if that ruling is challenged it will be reviewed. However, in the absence of that ruling you have no right to say to me—

The CHAIRMAN: I have the right as the chairman to say whether or not the matter you are discussing is relevant to what we are speaking about. I have said I will give a ruling to this effect, and you are introducing a subject matter which will be discussed afterwards by the committee.

Mr. MARTIN (*Essex East*): I am saying that at some time I want the opportunity of interrogating the members of the investment committee. I want the Governor of the Bank of Canada.

The CHAIRMAN: This has nothing to do with it. At the present time we are speaking about the advisory committee. That will be another ruling, after you bring that up.

Mr. MARTIN (*Essex East*): I think this whole matter is on sound ground. I thought you wanted to deal with all the points.

The CHAIRMAN: No.

Mr. MARTIN (*Essex East*): Then you want them one at a time. All right. I now move that the minutes of the second meeting of August 18 be produced for the information of this committee.

The CHAIRMAN: Will you please put it in writing.

Mr. MARTIN (*Essex East*): Is there any rule which requires it in writing?

The CHAIRMAN: No. I would prefer to have it in writing for the secretary, here.

Mr. MARTIN (*Essex East*): I do not mind, if you prefer it that way.

The CHAIRMAN: I prefer it in writing. There can be no mistake afterwards or any suggestion that the motion was not taken correctly.

Mr. MACINNIS: I think we should depend on the reporter to take down the motion.

Mr. PETERS: I insist on our depending on the secretary to take these minutes.

Mr. MACINNIS: We have been holding these men already outside in the hall for forty minutes. I think we should go ahead. I think what has gone on so far at this meeting is all nonsense.

Mr. BELL (*Saint John-Albert*): A Martin filibuster.

Mr. MACINNIS: With all respect to the smoothness and ability of the member to speak, if this goes on we can be here on this all morning. He makes reference to the voluntary production of the minutes by the minister. I think the record will show these were produced on his own request. I think the discussion outside of the amendments is out of order. There was a ruling made by Mr. Speaker. He had to get up fifty times in the space of two days to remind him of the rulings. When I come to a committee which keeps men standing outside for forty minutes I think it is a disgrace. I think if the hon. member would cut off his discussion and carry on, the matter could be settled.

Mr. CARON: I stand on the point of order. I admit we have kept them waiting, but it is not due to the fact that we are attempting to get the information we need; it is due to the refusal to furnish the facts. If they were



produced as demanded we would have them right now and there would not be this discussion. The members over here are not against the shielding of things which we believe have not been done properly. That is why we want to get the minutes of that committee and to hear the members of the investment committee because we have important things to ask them.

The CHAIRMAN: Are you seconding the motion?

Mr. CARON: I am seconding the motion.

The CHAIRMAN: It has been moved and seconded that the minutes of the advisory committee of August 26 be made available for the committee. Is it August 26 or August 18?

Mr. MARTIN (*Essex East*): The report says August 26.

The CHAIRMAN: But you were referring to the meeting of August 18?

Mr. MARTIN (*Essex East*): No, August 26, the last meeting on that which was August 26.

The CHAIRMAN: All those in favour?

Mr. BELL (*Saint John-Albert*): With respect to this motion, I do not think a case has been made out of any precedents whereby these particular minutes have in the past been requested and then produced. We have examples of their being voluntarily produced. That, in my opinion, however, is not a precedent for their being produced upon request if the minister desires they are not be.

Mr. MARTIN (*Essex East*): The member has made a differentiation. I recognize it is true that the minutes which have already been tabled of another meeting were tabled by the minister himself, without their having been requested; but my argument is, having tabled the minutes of one meeting it would be unfair to deny members of the committee the opportunity of examining the minutes of another meeting of the advisory committee. Because these minutes are the very meat of this bill, I think our whole discussion would be altogether useless unless we see the reasons why the committee made the recommendation it did.

Mr. BROWNE (*Vancouver-Kingsway*): Let us not lose any more time. I do not believe there is any case made out that shows there is relevance in this at all. It is not enough to say that other minutes were produced. That has no relevance to this. I think it is completely irrelevant. We are dealing with the situation as it is at the present time, and we have all the information we need.

Mr. MARTIN (*Essex East*): I think the argument made now is very important. I have before me this report. The report deals with the status of the fund. Here is one of the first statements in this report and it shows how relevant it is. The committee goes on to point out that because of the excessive payments over revenue the committee feels it would be improper to recommend a raise at this time—

The CHAIRMAN: You are not dealing with the subject now.

Mr. CARON: Are we not permitted to answer the arguments. Are we denied the right to answer arguments which are presented by a member of the committee? Another argument was presented. Mr. Martin is answering that argument. Are we denied the right to answer?

The CHAIRMAN: It is already answered. You are merely threshing old hay.

Mr. CARON: Are we being denied the right?

The CHAIRMAN: You are not talking to this motion.

Mr. CARON: I am submitting that when a member states something, are we to be denied the right to answer that?

The CHAIRMAN: Under the circumstances, yes.

Mr. CARON: You are saying we are denied?

The CHAIRMAN: Under the circumstances, yes. You are introducing a new subject matter under this motion.

Mr. MARTIN (*Essex East*): I was pointing out—

The CHAIRMAN: You must not discuss the minutes.

Mr. MARTIN (*Essex East*): The member for Vancouver-Kingsway was arguing that I had not made out a case for the production of these minutes and contends I did not show these minutes had anything to do with the subject matter. That is a fair comment for him to make and I was dealing with the argument by pointing out that the report deals with the matter under discussion in this bill. I began to show that in the very first observation in the committee's report that it did deal with matters which are of concern to the committee. When I was doing that I was stopped in my tracks from continuing my answer to the member for Vancouver-Kingsway. I am willing to have a vote on this matter now.

Mr. PETERS: I think we are confusing a number of things. I do not think it is the desire of the committee to say that the advisory committee of the Unemployment Insurance Commission is of no value at all. Yet we have heard one of the members of this committee, Mr. Urquhart, tell us the other day that the decision that was made, to the best of his recollection, was completely contrary to the amendments we are now considering in this unemployment insurance bill—the amendments which are before us.

In asking for the minutes, I think we are doing two things. I have not read these. The hon. member has read some of them. However, I have not. In any event, I would think that the minutes of those meetings would be of value in ascertaining why Mr. Urquhart could make the statement he did in which he said it was unanimous on the advisory committee that they were opposed to doing anything about it.

I think this committee will have to make a decision when this matter is final whether or not we will have an advisory committee of the Unemployment Insurance Commission, because if we are going to ignore it completely, I do not see that they have any purpose. I do not know whether or not they are voluntary; probably we have to pay something for this.

The minutes would show what grounds they had on which to base this decision. When we get the minutes, then I think it may be that this committee will ask the members of the advisory committee also to appear before us. I am strongly suggesting that at least we should have a look at those minutes to see what the arguments were on which they based this unanimous decision which is completely contrary to the bill we are discussing. Frankly, I do not think you can honestly say we should not look at those minutes. The advisory committee is of no value to us at all if we are not going to accept their opinions. I would strongly suggest that these minutes are relative to our deliberations on the bill, and should be produced unless there is some particular reason which the minister himself would like to reiterate saying that for some particular reason they should not be produced. Otherwise I think they are available; they are not secret documents and I believe that this committee should look at them.

Mr. BELL (*Saint John-Albert*): What Mr. Peters and Mr. Martin, in my opinion, are saying simply is that these organizations who are coming here and who have the appointment of their members to the advisory committee are

giving the same points of view because the members of the advisory committee are in turn responsible, back to the various organizations. I think we are going to hear these points of view anyway, and at the same time will be preserving the independence and the political freedom of the advisory committee.

Mr. MARTIN (*Essex East*): Mr. Chairman—

The CHAIRMAN: Just a minute.

Mr. MARTIN (*Essex East*): I am going to suggest a way of saving time. Could we leave the matter of the advisory committee over, because we have these people waiting, and also the chairman has requested we deal with one aspect of this problem and that is the production of the minutes.

Mr. PETERS: Mr. Bell is making a differentiation which this committee may not understand; that is, any member belonging to this committee is pledged to support the view of that committee when they leave. This is one of the fundamental rules of a normal committee. It may not be of the house committees here.

Mr. BELL (*Saint John-Albert*): You never hear of them in an ordinary report.

Mr. PETERS: Yes, you do. Probably these persons, when they are representing their organization do not take exactly the same position they would take as a member of the committee.

The CHAIRMAN: You have heard the motion.

Mr. MARTIN (*Essex East*): Would you read the motion.

The CHAIRMAN: Moved by Mr. Martin, seconded by Mr. Caron, that the minutes of the advisory committee of August 26, 1958, be made available for the committee.

All those in favour?

All those opposed?

The motion is defeated.

Mr. MARTIN (*Essex East*): On this point we will, of course, have to take this matter to the floor of the house.

Mr. THRASHER: I do not think that is of any importance to this committee.

Mr. MARTIN (*Essex East*): It is. I am advising the committee now of our intention so to do.

The CHAIRMAN: That is your prerogative.

Now I think it is only fair that we should call in the organizations who have been waiting, to have their presentations heard.

Mr. CARON: We all received a copy of a telegram from the Metal Mining Association. Could this submission on behalf of the Metal Mining Association be heard first?

The CHAIRMAN: They have not asked to be present. They are just quoting their views. Whether or not they will be asked to be present is a matter which we will leave to the steering committee.

Mr. CARON: I am asking that.

The CHAIRMAN: The Canadian Manufacturers Association will be heard first. We are going to call on Mr. Evans who is in charge of the delegation; he is vice-president of the association.

Mr. MACINNIS: Mr. Chairman, I think an apology is in order for keeping these people waiting.



The CHAIRMAN: I explained to the delegation outside that there would probably be a little delay because there was certain subject matter before us, and they understood about it. I said that we would not delay them unnecessarily, or any more than we had to. We are about twenty five minutes late in starting, but it was not intended to be a discourtesy. It was just something we thought should be straightened out. So if we have committed any offence, we hope you will pardon us.

Mr. W. H. EVANS (*First vice-president, the Canadian Manufacturers' Association*): Mr. Chairman and gentlemen, I would like to express our appreciation for the opportunity to appear before you this morning and to discuss this very important subject of the proposed amendments to the Unemployment Insurance Act.

First of all I want to introduce our delegation from the Canadian Manufacturers' Association, and I would ask each man to stand up as his name is called so that he may be identified.

We have with us Mr. D. Alan Page who will read our statement. He is chairman of the Ontario division labour relations committee of the Canadian Manufacturers' Association, and he is director of personnel of the Goodyear Tire and Rubber Company of Canada Limited. Next we have Mr. J. A. Belford, director of personnel and industrial relations, Massey-Fergusson Limited; Mr. W. F. Cook, vice president, Kimberley-Clark (Canada) Limited; Mr. Kenneth Hallsworth, director of industrial relations, Ford Motor Company of Canada Limited; Mr. R. S. Ritchie, manager, department of employee relations, Imperial Oil Limited; Mr. T. H. Robinson, manager, industrial relations, Canadian International Paper Company; Mr. J. C. Whitelaw, general manager, the Canadian Manufacturers' Association; Mr. C. W. George, Ottawa representative of the Canadian Manufacturers' Association; Mr. H. S. Shurtleff, manager, insurance department, the Canadian Manufacturers' Association, and Mr. E. F. L. Henry, manager, industrial relations department, the Canadian Manufacturers' Association. That is the delegation.

The CHAIRMAN: Now, Mr. Page.

Mr. D. ALAN PAGE (*Chairman, Ontario division labour relations committee, Canadian Manufacturers' Association*): Gentlemen, as the representative of the largest single group of employers which contributes to the unemployment insurance fund, the Canadian Manufacturers' Association appreciates this opportunity to present its views to the standing committee on industrial relations of the House of Commons of Canada on bill C-43, an act to amend the Unemployment Insurance Act, and on the unemployment insurance scheme in general.

## INTRODUCTION

### *The C.M.A. and its Membership*

2. The Canadian Manufacturers' Association is a non-profit, non-political organization of some 6,400 manufacturers in every line of industry in Canada who are joined together to consider and to take action on their common problems.

3. Founded eighty-eight years ago in 1871, only four years after the formation of the dominion of Canada, the members of the association are located not only in the larger industrial centres but also in the smaller industrial communities in all the provinces of Canada from the Atlantic to the Pacific. Three-quarters of the association's members employ less than one hundred persons.

*Previous Submissions on Unemployment Insurance*

4. At the outset the association wishes to state that its members have been greatly concerned that the Unemployment Insurance Act should operate on a sound insurance basis. To this end it has made representations in the past to the government of Canada particularly with respect to proposed amendments to the act and the recommendations of the unemployment insurance advisory committee.

Mr. MARTIN (*Essex East*): We are not going to be allowed to examine anybody.

*Submission to Minister of Labour, February 2, 1959*

Mr. PAGE:

5. Before bill C-43 to amend the act was presented by the government to parliament for approval, in fact, the association made representations to the Minister of Labour, on February 2, 1959, with respect to certain amendments to the act which it understood were under consideration by the government. The main points of the submission to the Minister of Labour prior to the introduction of the present bill in parliament will be summarized later in this submission.

*Re-examination of the Act and Scheme*

6. The Unemployment Insurance Act was enacted in 1940 and soon will have been in effect for twenty years. During this period the act has been amended many times. Therefore, it is appropriate at this time to re-examine the act and the scope of the unemployment insurance scheme to see if it has been performing its intended functions and to determine where precisely it has deviated from the path of sound unemployment insurance legislation.

*Outline of Submission*

7. In making these representations regarding bill C-43, an act to amend the Unemployment Insurance Act, and with respect to the general unemployment insurance scheme, our submission will be in six parts as follows:

*Basic Principles of Unemployment Insurance*

PART I—A review of the basic principles and purpose of unemployment insurance on which the act was founded.

*Changes which have Weakened the Scheme*

PART II—An examination of some of the specific changes in the act since its inception, which have weakened the unemployment insurance scheme, in our opinion.

*Abuses of the Act and Fund*

PART III—An appraisal of certain abuses of the act and fund because of the failure to apply adequate safeguards to prevent them.

*Functions of the Advisory Committee*

PART IV—A re-examination of the functions of the unemployment Insurance advisory committee with respect to recommendations regarding the condition of the fund and changes in the act.

*Association's Views on Proposed Amendments in Bill C-43*

PART V—A statement of the association's views and comments on the proposed amendments to the specific sections of the act set out in bill C-43.

*Summary recommendations and conclusions*

PART VI—A summary of the association's recommendations and conclusions concerning the act and the unemployment insurance scheme and fund.

## PART I

## BASIC PRINCIPLES OF UNEMPLOYMENT INSURANCE

*Difference between unemployment insurance and unemployment assistance*

8. Unemployment insurance is a method of providing a substitute source of income for unemployed workers. It cannot be expected to cure unemployment, being in its very nature merely a palliative, because by far the best thing our society can do to help an unemployed person is to provide him with another remunerative job. Nevertheless unemployment insurance has great advantage over mere unemployment assistance, but it can never be expected to entirely displace it.

9. In the first place unemployment insurance helps to maintain the morale of the unemployed person by the payment of benefits as a matter of right with no connotation of charity. Unemployment assistance on the other hand provides assistance wholly on the basis of need. Consequently a means test, which may seem humiliating to some beneficiaries, is a necessity if the unemployment assistance is to be used to good advantage.

10. Secondly, unemployment insurance is advantageous from the point of view of fiscal economy, since the funds needed for it are not obtained for the most part from taxation but are supplied largely by employers and employees. Therefore, it is desirable for unemployed persons to be protected by unemployment insurance, leaving only what cannot be covered by insurance to unemployment assistance the money for which must be provided by the government.

*Unemployment insurance must be based on insurance principles*

11. There is, however, the danger that efforts will be made by well-meaning persons to attach to unemployment insurance supplementary measures which, though good in themselves, cannot be based on sound insurance principles. These, if incorporated in an unemployment insurance scheme, tend to weaken the insurance plan and may even affect the efficiency of its administration in addition to its operation. If under the guise of social insurance an attempt is made to do more than to indemnify for loss, the scheme will not have a sound insurance basis and its operation will be against public policy.

*Insurance principles*

12. The insurance principles which are applicable to unemployment insurance are essentially those on which any other type of insurance is based. The insurance plan must have an actuarial basis. The insured person must have an insurable interest and so must be subject to the risk of losing something, which in this case is his employment. The loss of employment must be a risk, not something which is bound to occur. The amount of the indemnity must be determined in advance and the premiums or contributions must be set at such an amount as will produce a fund to satisfy all legitimate claims.

*Departures from insurance principles*

13. The Canadian Unemployment Insurance Act of 1940 was drafted with great care, based on the lessons learned from British experience of thirty years, as well as the experience of many other countries. Since its inception however, there has been in the Canadian scheme a definite trend away from insurance principles. This has occurred particularly in respect to seasonal industries.



14. In Canada because of its climate, unemployment in the winter or other off-season in some industries is not a contingency but a certainty. How can these periods of certain unemployment with no hope of employment in the industry be covered under a general insurance plan? The inclusion of seasonal workers without limitation of benefit periods, tends to make unemployment insurance a taxing measure applied to selected taxpayers and to degrade the insurance plan to a relief measure. Any unemployment insurance plan can only be operated on a sound basis and remain in good repute if it adheres closely to sound insurance principles.

## PART II

### CHANGES WHICH HAVE WEAKENED THE UNEMPLOYMENT INSURANCE SCHEME

#### *Seasonal Benefits*

15. One of the most serious departures from insurance principles occurred in the Canadian scheme when the provisions for seasonal benefits were enacted in 1950, shortly after the entrance of Newfoundland into Confederation. The seasonal regulations are found in sections 49-53 of the present act. These benefits were intended to provide relief for the almost certain periods of unemployment which occur in Canada in winter. These should have been provided for by some separate form of unemployment assistance quite apart from the unemployment insurance plan. Originally they were effective during the three winter months of January, February and March.

#### *Eligible Persons*

16. Seasonal benefits are paid to two classes of persons. The first class are those who had a minimum of fifteen contribution weeks during the preceding summer and fall and thus have made half the contributions needed to entitle them to the ordinary benefits. The second class of eligible persons are those who were receiving regular benefits but whose entitlement was exhausted after the preceding April 15th.

#### *Farmers and Housewives*

17. The inclusion of the first class was intended to assist young persons who had recently entered employment and immigrants who had not had enough time in Canada to acquire the right to receive regular benefits. But in fact it opened the gate to benefits to persons who never had been entitled to benefits previously. Farmers, housewives and others soon discovered that by working in insurable employment a minimum of fifteen weeks each summer they could regularly each winter obtain unemployment insurance benefits.

#### *Pensioners and Newly-Married Women*

18. The second class of qualification for seasonal benefits, permitting as it does those who have exhausted their benefits during the preceding summer and fall to draw unemployment benefits during the winter, is taken advantage of by persons who have in fact left the employment field. Pensioners and newly-married women, having exhausted their regular benefit can now claim the seasonal benefit. In the winter, because of the scarcity of work, there is little possibility of testing an applicant's availability for work.

*Period of Seasonal Benefits*

19. The period of seasonal benefits was extended first from January 1 to April 15, and then from December 1 to May 15 so that now the winter period for seasonal benefits lasts almost six months. (In 1958 it was even extended for the one year to June 28, a period of seven months).

*Harmful Effect of Seasonal Benefits*

20. The effect of seasonal benefits on the unemployment insurance plan has been most harmful. Seasonal benefits are open to abuse and have resulted in a heavy drain on the Fund through improper claims. The benefits have become a certain source of income for many people who have come to expect them each winter in the nature of a dole rather than an insurance benefit. One of the most serious consequences of the seasonal benefits has been to prevent proper control by regulation of seasonal industries such as inland water transportation, lumbering and logging, and food processing. The institution of seasonal benefits made inevitable the subsequent withdrawal of the seasonal regulations which restricted the periods for benefit in the case of some definitely seasonal employment.

## INCLUSION OF UNSUITABLE INDUSTRIES

*All Unsuitable Industries Excluded First*

21. Before the enactment of the original Unemployment Insurance Act in 1940, careful consideration was given to the question of whether it was possible to cover the seasonal industries of Canada under general unemployment legislation. These industries include the great primary industries of agriculture, fishing, lumbering and logging, transportation by water and the related industry of stevedoring. It was then decided to exclude all these because they are by their nature confined to certain months of the year, and unemployment of persons in them is bound to occur during the rest of the year unless they take employment in other occupations.

22. In addition to the certainty of unemployment there are also serious administrative difficulties in applying unemployment insurance principles to persons in these seasonal industries. The work is carried out not in cities and towns but scattered over the whole country, so that it is almost impossible to inspect employment records adequately and to know for certain whether applicants for insurance are in fact unemployed. Added to this is the inherent difficulty of distinguishing between periods of employment and of unemployment and of knowing whether workers are employees or are independent contractors. Moreover methods of payment are different from the normal methods used in industrial employment.

*Almost All Unsuitable Industries Now Included*

23. Yet in spite of these insurmountable practical difficulties all the above-mentioned seasonal industries except agriculture, although they virtually come to a standstill in the off-season, have been brought under the Unemployment Insurance Act.

*Transportation by Water*

24. The first of these to be included was transportation by water—apparently to provide for the large number of ocean merchant seamen who were expected to be out of work at the end of the last war. Since it appeared impossible to separate ocean transportation from inland water operations it was

necessary to include the latter. But inland water transportation does not exist in Canada between December and April, and it never had been regarded as real unemployment for inland sailors to be out of work during these months.

### *Stevedoring*

25. In 1949 stevedoring, which is subject to the same seasonal employment conditions as inland transportation was brought under the act. Stevedoring in the winter ports of Saint John and Halifax is also seasonal since, though stevedores are busy during the winter months, stevedoring activity virtually ceases there when the St. Lawrence ports become free of ice. In addition to the difficulties arising from the seasonality of the employment, the nature of the work involves great administrative problems. Stevedores often work for more than one employer in a single day and when work is available they put in long hours day and night, to be followed by periods of rest.

### *Lumbering and Logging*

26. Lumbering and logging, highly seasonal industries located in remote areas, were brought under unemployment insurance first in regard to employment in British Columbia in 1946 and elsewhere in 1950. In addition to the certainty of unemployment for part of the year there are grave administrative difficulties in the coverage of these industries. The work is done in places where inspection of employees and examination of claims is difficult. There is a high turnover of employees, since persons employed in logging tend to move to and from agriculture. The work is often done by contract rather than employment and it is difficult to know whether persons are employees or self-employed. Since many employees supply horses or trucks it is not easy to calculate net earnings for purposes of unemployment insurance contributions.

### *Fishermen*

27. The latest and most serious impairment of the unemployment insurance plan was its application to fishermen in 1956. Not only is fishing very seasonal but probably no more than one-tenth of the persons engaged in it are actual wage-earners. The rest of them work on their own account or on shares and sell their own fish.

28. The covering of the fishing industry was contrary to the basic principle of unemployment insurance that those who are self-employed and can decide on their own periods of employment and unemployment should not be included in the insurance scheme.

29. Insurance benefits for fishermen are paid only during the seasonal benefit period and not during the active season of employment. No proof of unemployment is required. Originally the benefits were paid only during a winter period of three and a half months. The extension of the seasonal benefit period has enabled fishermen to qualify during a period of five and a half months, or almost half of the year, without being required to prove unemployment or availability.

30. Unemployment insurance for fishermen is thus not unemployment insurance at all but a form of unemployment assistance or relief without even a means test. Since benefits which have been paid to fishermen so far amount to about eight times as much as their contributions to date the cost is largely paid for by other more stable industries and their employees. Such a departure from sound insurance principles in addition to weakening the unemployment insurance plan has almost inevitably affected adversely the attitude of those who are responsible for the efficient operation and administration of the Act. It has tended to bring the whole national unemployment insurance scheme



into disrepute. It has also set a precedent for the extension of unemployment insurance to other self-employed persons such as small contractors, truckers and farmers, the inclusion of whom would go far to complete the ruin of the scheme as an actuarially sound insurance plan.

### PART III

#### ABUSES OF THE UNEMPLOYMENT INSURANCE ACT AND FUND

##### *Abuses to the Act which have drained Fund*

31. In any unemployment insurance legislation such as the Canadian Unemployment Insurance Act, which is adapted to suit the many different industries and seasonal conditions in Canada, abuses are bound to arise. These abuses must be eliminated, however, as soon as they are evident or the Fund will be drained by special minority groups at the expense of the majority of contributors and the reputation of the insurance plan as a whole will be damaged in the eyes of the public. This has happened to the Canadian plan.

32. Abuses are likely to arise if benefits are paid out contrary to basic insurance principles. Such basic insurance principles are contravened where unemployment of any class of persons is not a hazard but a certainty. Further a person does not suffer a loss and is not entitled to unemployment insurance benefits if he is not a bona fide unemployed person and is not seeking employment. Both of these abuses became evident under the administration of the Unemployment Insurance Act and regulations were enacted to correct them, but these regulations were subsequently withdrawn in the face of opposition from vociferous but ill-informed persons.

##### *Employees in Seasonal Industries*

33. The first glaring example of benefits being paid to persons whose unemployment is certain is in the seasonal industries. In transportation by inland waters, stevedoring, lumbering and logging and, to some extent in fishing, there is a virtual stoppage of all activity in the particular industry during the off-season. Traditionally, no person engaged in such employment thought of looking for work in the industry in the off-season and wages were based on a year of eight or nine months of work. The employees who could not work at their industry in the off-season did not suffer an insurable loss because the lack of employment in the off-season was a certainty each year and anticipated by everyone in the industry. If relief is required for persons unemployed in the off-season it should come from a public assistance scheme and not from an insurance plan based on actuarial principles.

##### *Seasonal Regulations*

34. In order to restrict the payment of benefits during the seasonal periods when seasonal industries were inactive the Unemployment Insurance Commission enacted special regulations known as seasonal regulations. These were applied to transportation by water, stevedoring and lumbering and logging when they were brought under the act.

35. These seasonal regulations were soon subject to bitter attacks from trade unions. They were not extended to any other seasonal industries and in 1956 they were revoked entirely. It was difficult also to retain them in the face of the establishment in 1950 of the supplementary or seasonal benefits which are payable in the winter and spring seasons from December 1 to May 15 each year.

*Newly-Married Women*

36. The second serious abuse of the fund occurs when single women leave employment to get married. In the years 1945 to 1950 the unemployment insurance advisory committee called attention to the high percentage of women who shortly after their marriage claimed unemployment insurance benefits although they were not in fact looking for employment and in many cases were refusing it when it was offered. They had in fact no intention of continuing to work in employment outside the home. As they were not dependent on their own earnings they were able to evade all offers of employment while drawing unemployment insurance benefits. It was definitely contrary to insurance principles that such persons should be permitted to receive benefits while not bona fide unemployed persons.

*Married Women Regulations*

37. The Unemployment Insurance Commission on the recommendation of the unemployment insurance advisory committee ultimately passed a regulation which provided for newly-married women a test of continued attachment to the labour market. The test was ten weeks of continued employment after marriage and was applied with certain exceptions when a married woman made a claim for benefit within two years of marriage if she had voluntarily given up the job she had held before marriage.

38. Although the married women regulations were reasonable and designed solely to limit a manifest abuse, they were attacked by women's organizations and labour unions claimed that married women were being discriminated against. Eventually in 1957 the government gave in and the regulations were revoked.

## PART IV

THE FUNCTIONS OF THE UNEMPLOYMENT INSURANCE  
ADVISORY COMMITTEE*Constitution*

38. What was intended to be and might well have been the most effective safeguard for the unemployment insurance fund is the unemployment insurance advisory committee. The act provides that it shall consist of a chairman and from six to eight other members. At least one of the members other than the chairman is to be appointed after consultation with organizations representative of employees and an equal number after consultation with organizations representative of employers.

*Functions*

39. The main function of the advisory committee under the act is to make a report to the governor in council on the financial condition of the unemployment insurance fund at the end of each fiscal year and at such other times as it thinks fit. If the fund is or is likely to be insufficient to discharge its liabilities or is more than reasonably sufficient to do so, the advisory committee is required to recommend appropriate amendments of the act or the regulations (Sec. 89). The governor in council may also direct the advisory committee to investigate (1) the provision of unemployment insurance for any excepted employments either by extending to it the provisions of the Unemployment Insurance Act, modified if necessary, or by special or supplementary schemes; and (2) the rates of contribution and benefit of insured persons having regard to their earnings (Sec. 91).

40. The constitution of the advisory committee is based on the recommendations of the final report of the Gregory Royal Commission on Unemployment Insurance in England which in 1932 inquired into the provisions and working of the British unemployment insurance scheme.

*Committee Not Always Consulted*

41. Unfortunately the government has not always asked or paid attention to the advice of the advisory committee on the many important financial and other problems which have arisen during the eighteen years which the Unemployment Insurance Act has been in operation.

Mr. MARTIN (*Essex East*): Could you particularize the incidents covered by paragraph 41?

Mr. PAGE: I would prefer not to do this at this time. Shall I proceed?

The CHAIRMAN: Yes.

Mr. PAGE:

PART V

THE ASSOCIATION'S VIEWS ON PROPOSED AMENDMENTS  
TO THE ACT, BILL C-43

*Proposed Amendments Acceptable to the Association*

41. The following specific amendments, which are proposed in bill C-43 and all of which we note, with two exceptions, are proposals of the Unemployment Insurance Commission and are also recommendations of the unemployment insurance advisory committee, are acceptable in the association's view:

SECTION 3 (SECTION 27(q) of the Act):

*Rise in Wage Ceiling*

42. The substitution of \$5,460 for \$4,800 as the "wage ceiling" of insurability.

*Comments:*

We agree in principle that an increase in the ceiling should bear some relation to increases in wages in industry generally. We are pleased to see that authority was not given to the Unemployment Insurance Commission "to fix a higher wage ceiling to suit conditions" as was recommended by the advisory committee. Implicit in the proposal was the principle of granting to a government commission the power to raise the ceiling. We do not believe the commission should be granted such powers for, in effect, it would mean the transfer of taxing authority from parliament to a government commission, the consequences of which could be very serious indeed.

SECTION 6 (SCHEDULE TO SECTION 37(1) of the Act)

*Addition of two new Wage Classes*

43. That part of the amendment to the top of the schedule adding two new weekly wage ranges of earnings, \$63 and under \$69, and \$69 and over.

*Comments:*

The addition of two new classes at the top of the earnings range is sound, in the association's view, in the light of increased earnings in industry generally.



## SECTION 10 (SECTION 45(3) of the Act)

*Extension of Qualifying Period for Benefits to Ex-convicts*

44. The addition of a provision, paragraph (f), to the present section of the act, which contains new ground for extension of the gratifying periods to persons serving a sentence of imprisonment in any jail, penitentiary, or other place of confinement.

*Comments:*

This proposal to extend the qualifying period for benefit entitlement to ex-convicts, which would appear to have a humanitarian or rehabilitative objective is acceptable in the association's view. However, we also feel that this proposal should have had a proper review and consideration by the advisory committee before being recommended to parliament by the government as an amendment to the act.

## SECTION 12 (SECTION 47(2) of the Act):

*Successive Benefit Period Rates:*

45. The addition of a provision that where successive benefits periods occur within two years, the rate of benefit during the new benefit period will not drop more than one class below that of the previous benefit period during which the claimant was paid benefit.

*Comments:*

This proposal to provide in special cases that a second, or subsequent benefit shall not be at a rate lower than one class below that established in the immediate preceding period, is acceptable. However, we point out that we think it would have been a proper function for the advisory committee to have reviewed this proposal and made its recommendations on it before it reached the stage of an amendment being proposed by the government to parliament for approval.

## SECTION 15 (SECTION 56 of the Act)

*New Schedule of Allowable Earnings*

46. The establishment of a new schedule of allowable earnings.

*Comments:*

This amendment would appear to be desirable in the interest of encouraging employment.

Would it be agreeable if Mr. Henry concluded the reading of the brief.

The CHAIRMAN: Yes.

Mr. E. F. L. HENRY (*Manager, Industrial Relations Department, Canadian Manufacturers' Association*):

*Proposed Amendments not Acceptable to the Association*

47. The following specific amendments, which are proposed in bill C-43, and which were not, to our knowledge, recommended by the advisory committee, are not acceptable in the association's view:

## SECTION 6 (SCHEDULE TO SECTION 37(1) of the Act)

*Increase in Contribution Rates*

48. The amendment to replace the schedule in the present act with a new one incorporating an increase in rates of contributions in all the present classes.

*Comments:*

This proposal of an increase in contribution rates in all the present classes, for employers and employees only, is one which the association believes is unrealistic and should not be approved, especially at this time when the government itself is urging industry to "hold the line" on costs and maintain steady year-round employment.

The over-all increase in contribution rates proposed is 30 per cent but, as a result of the new rates for the two new top wage classes, it will amount to an increase of 50 per cent in costs of contributions to many employers and employees in industries employing a large number of highly skilled and paid persons. Such an increase would bear very heavily on both employers and employees, especially in these industries, and impose a further financial burden on these contributors to the fund alone.

While the association is in agreement with the government on the need for additional revenue for the unemployment insurance fund, and we share the general concern about the critical condition of the fund, we believe that if any increase in contribution rates is required to stabilize the fund it should not be more than an increase of 20 per cent which was stated in the report of the advisory committee, dated July 8, 1958, to be the amount that might be necessary to maintain the fund at its level in March 1958.

Surely any increase in contribution rates should be only that required to keep the fund at a standard which the advisory committee and actuaries regard as reasonably safe and sound.

An increase in the government's contribution was recommended by the advisory committee in its annual report for the fiscal year ending March 31, 1958. We refer to that portion of the report which dealt with recommendations to stabilize fund, in which it was stated that "the original unemployment insurance plan has been extended over the years: (1) to provide benefit for workers, in the winter months, whose periods of contribution are intermittent and limited; (2) to extend coverage to many classes recognized as poor risks; provisions for whom would otherwise have fallen on government, at some level..." (emphasis added by the association).

In amplifying its reasons for the recommendation that the fund be stabilized by the government contribution being "made equal to one-half that of the combined contributions from employers and employees" it must also be recalled that the advisory committee called attention to "some of the expenditures with which the fund had been burdened and for which provision for sufficient balancing revenue has not been made". These reasons included the benefits for fishermen, which would create a further drain on the fund of ten million dollars in a full year it was predicted, the inclusion of the lumbering and logging industry and the extension of seasonal benefits which have doubled the expenditures contemplated, according to the advisory committee. In its report the advisory committee also referred to the fact that the broadening of coverage to include seasonal employees, such as fresh-water sailors and stevedores, has had the effect of bringing in more groups which have created a further serious drain on the fund.

Despite the recommendations of the advisory committee, we note that no mention has been made in the bill now before parliament of the government's intention to increase its own contribution rates. In the absence of any provision in the bill for stabilizing the fund by this means we can only repeat the observation we made in our submission to the Minister of Labour on February 2 before the bill was introduced. If employers and employees are expected to

contribute more to the fund, it is all the more reason that the government should increase its own rate of contribution so that responsibility for providing revenue to the fund would be equally divided between all contributors, as the advisory committee recommended.

Mr. BROWNE (*Vancouver-Kingsway*): On a question of fact, the government contribution will increase. They pay one-fifth of the fund and if the amount increases, certainly they will—

Mr. MARTIN (*Essex East*): It is equally divided.

Mr. BROWNE (*Vancouver-Kingsway*): The brief says that the government—

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, should we not finish the brief first?

The CHAIRMAN: Yes. Will you direct your question later, Mr. Browne?

Mr. HENRY:

### SECTION 13 (SECTION 48(1) of the Act)

#### *Increase in Maximum Duration of Benefits*

49. The proposal to increase the maximum benefits period from the present 36 weeks to 52 weeks.

#### *Comments:*

The increase in the maximum duration of benefits from 36 to 52 weeks which is being proposed by the government cannot be justified from an insurance point of view alone, in our opinion.

This is particularly true when one considers that the present scheme, which now includes seasonal benefits of 24 weeks in addition to the regular benefits of 36 weeks, could provide, with the addition of another 16 weeks as proposed in the amendment, a total benefit period of 76 weeks not just 52 weeks.

No other country in the world has such an extensive duration of benefit in its unemployment insurance scheme. In the United States, for example, under the various state plans the usual maximum benefit period is 26 weeks. Only a few states have a maximum duration of benefit of 30 weeks and several states have only 20 weeks and less.

The association cannot see any reason for a change in the present maximum duration of regular benefits from 36 weeks. The maximum duration of benefit was reduced from 51 weeks to the present maximum of 36 weeks in 1955 with good reason and after careful consideration of the appropriate period for which benefits should be paid. We submitted then, and it is still our view, that the government had good reasons in 1955, particularly from the point of view of sound insurance, for the decision which was taken then to reduce the maximum duration of benefit period. We believe those same reasons are all the more valid now, four years later, in 1959.

### PART VI

#### *Recommendations, Summary and Conclusion*

50. After careful study of the proposed amendments to the act, including consideration of the present critical level of the unemployment insurance



fund, and the serious drain that there has been on the fund as a result of previous changes in the act, the association's recommendations with respect to the act, the fund and the unemployment scheme in general are as follows:

*Recommendations—Complete Review of Scope of the Act*

1. A complete review and re-examination of the whole scope of the Unemployment Insurance Act and scheme should be undertaken by an independent body, such as a royal commission, or some other competent, neutral authority. Such a review would include a re-examination of the following current practices:

- (a) the payment of seasonal benefits out of the unemployment insurance fund
- (b) the coverage of fishermen, loggers and employees in other seasonal industries
- (c) the payment of benefits to certain classes of married women and to pensioners

*No Changes in Act Before Such Review*

2. No changes in the present Unemployment Insurance Act and scheme apart from those accepted in principle as set out in paragraphs 42 to 46 inclusive—this was an error on our part and we shall have the amended sheets available for you and your committee, Mr. Chairman—should be made until a complete review, such as we propose, has been completed. The current critical level of the fund is evidence of the fact that the changes in the act which have been made in the past have not only caused and increased the serious drain on the fund but have also had the effect, as a result of the departure from insurance principles, of weakening the whole act as a sound unemployment insurance scheme. Further changes in the act at this time would only serve to increase the heavy drain on the fund and would constitute a further departure from the insurance principles which are so fundamental to any sound insurance scheme.

*No Increase in Contribution Rates at this Time*

3. No increase in the contribution rates of employers and employees should be made at this time until there has been a thorough re-examination of the act and scheme. If it is found that an increase in contribution rates is required it should not exceed the increase recommended by the advisory committee and actuarial authorities. If employer and employee contribution rates are to be increased, the government's own rate of contribution should be increased equally.

*No Increase in Maximum Duration of Benefits Period*

4. No increase in the maximum duration of benefit period should be made at this time until a review of the act. The present maximum duration of benefits period of 36 weeks is not justifiable from an insurance point of view alone. It was reduced by the government for valid reasons from 51 weeks in 1955 and those reasons remain all the more valid in 1959.

*Summary and Conclusion:*

51. In summary the association submits that there should be no amendments—I wish to draw your attention, and that of your committee, to the second addition which I shall read again slowly: in summary, the association

submits that there should be no amendments apart from those already accepted in principle, made to the Unemployment Insurance Act—made to the Unemployment Insurance Act until there has been a complete review and re-examination of the act and scheme by some independent body and competent authority such as a royal commission.

A complete review of the act such as that proposed by the association should include the questions of payment of seasonal benefits out of the fund, the coverage of fishermen, loggers and many employees in seasonal industries. If seasonal industries are to continue to be included in the scheme, then a system based on the principle of requiring them to pay a premium commensurate with the risk involved should be investigated.

The payment of benefits to certain classes of married women and to persons who have retired from employment on pension, which is cause of further drain on the Fund, should also be re-examined, because there appear to be no safeguards in the present act.

An increase in employees' and employers' contribution rates and in the maximum duration of benefits, such as those proposed in bill C-43, are not justified at this time in the association's opinion.

In conclusion, the association wishes to express its appreciation to the government and the standing committee on industrial relations of the House of Commons for the opportunity of presenting its views and recommendations on amendments to the Unemployment Insurance Act, as proposed in bill C-43.

All of which is respectfully submitted.

Yours faithfully,

Ian F. McRae,  
President,  
The Canadian Manufacturers' Association.

Thank you.

The CHAIRMAN: Thank you, Mr. Henry.

Mr. MARTIN (*Essex East*): Mr. Chairman, I would like to ask a question.

Mr. BELL (*Saint John-Albert*): Are we going to begin the question. and if so, for how long? What are our plans for the rest of the day as far as these witnesses are concerned?

The CHAIRMAN: There is another organization which will appear after this. But I think a reasonable amount of questioning should be permitted for the benefit of the members of the committee if they want to have something explained. I think that is permissible within reason.

Mr. BELL (*Saint John-Albert*): Is the other brief to be presented later on today?

The CHAIRMAN: Yes, as soon as they are through.

Mr. MARTIN (*Essex East*): Mr. Chairman, I submit that the members of the committee would have to be consulted about that. I must remind the chairman that these things cannot be decided by the chair, but only by the chair in consultation with the members of the committee.

The CHAIRMAN: Excuse me. I think the chairman did consult with them, because I informed you that these two organizations were to be invited to come today and there was no objection made.

Mr. MARTIN (*Essex East*): Well, Mr. Chairman, I am not objecting to hearing them, but when you say they are to be heard this day, that is another question. We cannot sit while the house is sitting, because the Labour estimates are on and our members have to be in the house at that time.

The CHAIRMAN: I said the committee would decide this. When we talked it over there was no objection raised at that time that we should not sit today. I said we could sit if we wanted to. I did not say that we would sit. If you are unwilling that we should sit, perhaps the matter could be left to the committee to decide whether or not we should.

Mr. SMITH (*Winnipeg North*): Mr. Chairman, this brief appears to cover the whole scope of the Unemployment Insurance Act, whereas we are primarily dealing with the amendments proposed in the bill referred to us. Will our questioning be limited to that part of the brief which deals with the proposed amendments, or may we ask questions on the whole thing?

The CHAIRMAN: I pointed out earlier that we would adhere to the amendments in the bill.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, I think I agree with my hon. friend. There are six parts to this brief, but only part five deals with bill C-43.

Mr. MARTIN (*Essex East*): Mr. Chairman, I think we should have a clear understanding about these things, or there is no sense in the committee functioning. I think this brief deals in its entirety with matters which have to do with the bill. For instance, on page two, they speak of representations which have been made when they say:

To this end it has made representations in the past to the government of Canada particularly with respect to proposed amendments to the act and the recommendations of the unemployment insurance advisory committee.

We are certainly not going to be precluded from considering recommendations which the advisory committee has made, or representations which this body has made. We cannot be confined simply and strictly to the particular sections of the bill, because those sections are inevitably involved with other sections of the act, and particularly with the statement of the fund and with the workings of the advisory committee.

I think that what we would have to do—rather than have a *carte blanche* refusal—is to go along and put our questions; and then if the chairman thought they were out of order, he would say so. Then there would be an opportunity to argue the point. But just to make a blanket observation that this has to do with a lot of matters which are not covered by the bill, I submit, is not fair. I think that everything here has reference to it, and that we cannot discuss the state of the fund until we know what the recommendations of the advisory committee are; and there is nothing in the amendments which refer to the advisory committee. But to say that we cannot discuss the recommendations of the advisory committee is to place a straitjacket on the operations of the committee. Nobody wants to do that, I am sure.

Mr. MACINNIS: We fully appreciate all that has been done in the preparation of this brief and the fact that these gentlemen have come here with the express purpose of presenting it. In all likelihood they want to discuss what they have put in it. As Mr. Martin has said, I think we should appreciate the fact that there are a great number of organizations who will be presenting brief after brief, and that they will appreciate, as Mr. Martin has drawn to your attention, that our own time is limited. They will also realize the intention of the committee at this time is to deal with this bill.



I can go along with what Mr. Martin says, but only on the basis that if we are going to analyze every brief that is presented, thoroughly, I would suggest we have half an hour break for lunch and then reconvene immediately afterwards and sit until 10 o'clock tonight in order to complete the work that is before us. There is no doubt that there will be a great number of organizations presenting briefs, and if we are to cover them completely, I think it should be our duty to sit here continually and see that they are attended to.

I go along with what Mr. Martin says, that if all these briefs are to be looked at thoroughly, there is only one way we can do it, and that is to sit continually.

Mr. PETERS: I would strongly urge the chairman not to have the committee meet at the same time that the labour estimates are before the house. As you know I am not at all in favour of sitting in committee when the house is sitting; but I think that certainly some consideration should be given to the matter of not sitting when Labour estimates are before the house, because the people who are on the industrial relations committee must be the same people who are concerned with those matters which come before the house. So I strongly urge that we do not sit during the consideration of the Labour estimates.

Mr. MacINNIS: We cannot have it both ways; so let us confine ourselves to the bill, as I suggested.

Mr. PETERS: We have a considerable amount of time and these estimates will not be on very long. I suggest we do not make this decision today.

Mr. BELL (*Saint John-Albert*): I agree substantially with Mr. MacInnis. I think we have a very important brief before us—I mean the one that was just read—and that it does contain a lot of proposals. It is nearly one o'clock now, and I think that is about the time we generally recess for lunch. I think that rather than just begin with one or two questions, we should recess now and then either individually or by reference to the steering committee decide what our strategy is going to be as a committee for the entire duration of these hearings on bill C-43.

I think we shall have to decide just how extensive our questions are going to be and whether we are going to have fifteen or more other briefs presented which may be of the same duration, or maybe just as extensive. What I am trying to say, briefly, is this: that we need at least the lunch hour in which to decide what we are going to do as a committee, because it is quite important—and we do not want to be misunderstood as far as the people who are presenting these briefs are concerned. There is a lot of work and a lot of guidance which has gone further than the bill. There is no question about that. But we surely need an hour or two now to decide where we are going, and just how far. We might establish a precedent on this particular hearing which might bind us for every one of the other fifteen groups which will appear.

The CHAIRMAN: Please allow me to make an observation. We have been informed this morning with respect to the motion that was presented here that they are going to ask for a ruling on it in the house. That may have some effect on how this will proceed. It will be decided in the house whether certain things which they want to produce will be permitted.

Mr. BELL (*Saint John-Albert*): Would it be convenient for the officials of the Canadian Manufacturers' Association—I mean those of them who would be directly concerned with answering questions—to hold themselves available, because we will not be able to finish the questioning now anyway before the lunch hour.

Mr. MARTIN (*Essex East*): On the question of whether we should meet while the house is in session, I recall the observations of the Prime Minister and of the Leader of the House on this subject when earlier in this session we

discussed the matter of simultaneous meetings. The Prime Minister indicated that it was not the intention of the government to make it difficult for the opposition to carry out its obligations in parliament. It is quite obvious that we cannot meet this afternoon, and if the Labour estimates should continue, then we cannot meet tonight.

I am willing to meet during the lunch hour to accommodate the delegation that is here now. I am prepared to stay during the lunch hour and during the dinner hour; but I cannot be here while the house is sitting this afternoon, or tonight, if the Labour estimates are still going on.

Mr. MACINNIS: There is going to be a request to this committee to make themselves available in the discretion of this committee, whether it will take today, tomorrow, or indeed sometime at the first of the week or later in the week, and possibly sit a couple of days next week. I think some of the spokesmen of these organizations should give the committee some guidance in this matter as to whether they want to discuss the bill or to discuss their brief in its entirety, and whether they are going to make themselves available at the discretion of the members of the committee, whether to remain here, or to sit tomorrow, or to come back again. I would ask for guidance from somebody in your group as to whether you want to discuss the bill or to discuss the whole act.

The CHAIRMAN: I have discussed it with Mr. Page, and I understand they have commitments for this afternoon and some for tonight. They would prefer to come back at some other time. I submitted on behalf of the steering committee that we had made provision for meeting two of the organizations today, and one tomorrow, the Canadian Labour Congress, and we made that commitment with them with your approval. It was not done on the say-so of the chairman, except that before we met I sent out a program, and it was practically acquiesced in by them. Several requests have been made, and it is obvious that it is going to inconvenience them; there is no question about that. However they are prepared to come back at a future time, whether it be tomorrow, or at some other time. I do not think it would be fair to send them back home.

Mr. MITCHELL: How are we to handle the other group that have been invited to come here today? Are they going to make their presentation as well?

The CHAIRMAN: We can hear them if they want to present their brief, but we will not have any discussion. They would have to come back too.

Mr. SMITH (*Winnipeg North*): Could they give us some indication as to the length of their brief?

The CHAIRMAN: They are not here in this room. They are outside.

Mr. W. McNALLY (*Manager, policy, Canadian Chamber of Commerce*): Mr. Chairman, we are ready to submit our brief any time you are ready.

Mr. BROWNE (*Vancouver-Kingsway*): I am inclined to agree with Mr. Martin, after giving it some consideration. I really feel that with the Labour estimates in the house it would be rather unfair, unless we can do it at some other time.

Mr. MACINNIS: Mr. Chairman, I feel we have an obligation to this other group to hear their brief today.

Mr. MARTIN (*Essex East*): There is no obligation. But speaking for myself, I cannot sit while the house is sitting.

Mr. MACINNIS: There is no objection to the fact that the second group was invited to come here today, and I feel that we are obligated to hear them today.

The CHAIRMAN: Are you prepared to hear their brief now?

Mr. MACINNIS: Yes.

Mr. MARTIN (*Essex East*): I want the right to examine on the brief we have just heard. These gentlemen are prepared to do that. Let us finish one thing at a time. That is the situation.

The CHAIRMAN: I suggested to them that we hear their brief now, and then we could hear the others after that. I do not know if their brief is long or not, but I think it would be only courtesy to them for us to hear them. You could go on after that. What is your feeling about it?

Mr. MACLEAN (*Winnipeg North Centre*): I think we might as well hear the second brief; it is short, and they are here, ready and willing.

Mr. BELL (*Saint John-Albert*): If we are going to hear the second brief, may I just say for the record that we appreciate the brief of the Canadian Manufacturers Association, the work they have done and the way it has been presented. I do think—although perhaps there are some here who would question this, from the way we seem to be bickering here—we should be getting on with some of the details we should be considering on this bill.

The CHAIRMAN: I think the consensus here is that we would like to hear the other brief at this time. Mr. Baker will introduce his delegation.

Mr. K. G. K. BAKER (*Canadian Chamber of Commerce*): I would like to introduce Mr. Bradshaw.

The CHAIRMAN: Mr. Bradshaw will introduce the delegation.

Mr. MARTIN (*Essex East*): It is understood that we will decide at a later date when we will call back the representatives of the C.M.A.?

The CHAIRMAN: As soon as we get through reading this brief, we will try and determine that.

Mr. F. W. BRADSHAW (*Canadian Chamber of Commerce*): Mr. Chairman and gentlemen, the executive council of the Canadian Chamber of Commerce is grateful for the opportunity to present its views on bill C-43 to your committee. Mr. Baker, a member of our labour relations committee, will present our brief. Mr. Baker is the chamber representative on the national employment committee of the Unemployment Insurance Commission, and is also a member of a board of referees set up under the act. Mr. McNally is also part of our delegation and is manager of the policy department of the Canadian Chamber of Commerce. I am chairman of our labour relations committee.

While the executive council brief is directed to Bill C-43, I should like to inform the committee that, in a positive way, the chamber is concerned with the development of a climate conducive to economic development, characterised by high level employment with relatively stable prices. We also have special policies in the field of employment, dealing with the employment of the older worker, the employment of the physically handicapped and seasonal unemployment.

I would stress that this brief is not opposing unemployment insurance as such, nor is it opposed to suitable social welfare measures as such; but the burden of our brief is that we feel that the Unemployment Insurance Act now merits a special commission of inquiry, so that it will become a sound unemployment insurance scheme.

I will ask Mr. Baker to make the presentation on behalf of the executive council.

Mr. BAKER: Mr. Chairman and gentlemen, the executive council of the Canadian Chamber of Commerce welcomes this opportunity to present to the Standing Committee on Industrial Relations its views on Bill C-43, an act to amend the Unemployment Insurance Act.



The Canadian Chamber of Commerce is the voluntary federation of more than 750 boards of trade and chambers of commerce in all parts of Canada. These community boards and chambers are established to promote the civil, commercial, industrial and agricultural progress of the communities and districts in which they operate.

The chamber includes among its objectives the development and presentation of an informed public opinion and the securing thereby of effective action by the national legislature upon questions relating to the economic and public welfare. The chamber aims at supporting and developing the Canadian system of representative government and the preservation and further improvement of Canada's economic system based upon private initiative and individual enterprise.

This brief is submitted by the executive council of The Canadian Chamber of Commerce and is based upon these principles and policies, which constitute the platform of the Canadian chamber. The executive council is the body appointed by the national board of directors, the governing body of the chamber, to carry on the ordinary business of the chamber during the interim between the meetings of the board.

Before going into the essence of this submission, the executive council wishes to outline the policy of the Canadian chamber in the field of social welfare. This policy is part of our policy on public finance and taxation and reads as follows:—

#### Social Welfare

In the field of social welfare, the chamber believes that a careful distinction must be drawn between what is socially desirable as an ultimate aim and what can be achieved without damaging the system that makes our social welfare advances possible. Any additions to the already extensive welfare programs should be carefully assessed not only with regard to their initial costs, but also with regard to their foreseeable growth and supplementary requirements over the years. In principle, the chamber believes that any additional welfare expenditures should be delayed until the full impact of present commitments can be assessed. Individuals should be encouraged to make every effort to provide for their own future and to protect themselves against ordinary hazards.

#### Bill No. C-43

The chamber notes that Bill No. C-43 provides inter alia for an increase in the contribution rates, the raising of the ceiling, the addition of two new classes of earnings, a change in the provision for allowable earnings and the extension in the duration of benefit.

#### Provisions of the Bill Favoured by the Executive Council

(1) The bill proposes to raise the ceiling from \$4,800 to \$5,460. The executive council finds that this rise is commensurate with the change in the level of earnings since the present ceiling was introduced in 1950.

(2) The bill proposes to make changes in the level of allowable earnings before affecting benefit, so that it will be possible for an unemployed person to earn increased wages without affecting benefit. This measure would seem to be desirable in that it encourages employment, and the council favours its implementation.

(3) The bill provides for the addition of two new classes for contributions and benefits at the top of the earnings range. The new classes appear to be required, having in view the rise in the average earnings.

### Provisions of the Bill Opposed by the Executive Council

(1) It is proposed that the maximum duration of benefit be increased from 36 weeks to 52 weeks. When the maximum duration of benefit was reduced in 1955 from 51 weeks to 36 weeks, it was indicated that the average duration authorized for all claimants was 26 weeks; the average benefit taken by all claimants was 9 weeks; 90.1 per cent drew only 1 to 19 weeks; 6.4 per cent drew 20 to 29 weeks, while only 3.5 per cent drew 30 or more weeks.

We have no reason to believe that the data advanced in 1955 are not still valid currently. Moreover, we know of no other country in the world where duration of benefit is of the proposed length and, indeed, we understand that in the United States the maximum duration is 30 weeks. This maximum duration is provided in the state of Pennsylvania.

We are also of the opinion that the true purpose of unemployment insurance is to provide protection against short periods of unemployment. Lord Beveridge is the authority for the statement that the individual who remains on benefit for more than 30 weeks is no longer a case for ordinary unemployment insurance benefit; such a situation calls for investigation to see whether the real need is not for retraining or for relocation in a different kind of work in a different area.

We have seen no evidence that this proposal has the support either of the commission or of the unemployment insurance advisory committee, and for the reasons given, the executive council opposes it.

(2) The present rates are scheduled to rise by approximately 30 per cent average if the bill is passed. If, however, the top rate in the present legislation (60 cents) is compared with the top rate in the bill (94 cents), it will be noted that there is an increase of over 50 per cent proposed. If, on the other hand, interpolating the normal progression and allowing for a top rate of 72 cents as compared with the new top rate of 94 cents, the rise is over 30 per cent. The 30 or 50 per cent figure, whichever is used, is well over the 20 per cent figure that was set out in the unemployment insurance advisory committee report, dated July 8, 1958, as the percentage of increase in the contribution rates that would maintain the fund at the present level.

The executive council submits that the average increase in rates should not be implemented, as it will greatly add to the cost of doing business and is partly based upon certain built-in drains on the fund, to which we will make reference in the following section.

### *Condition of the Unemployment Insurance Fund*

We are aware of the dangerous condition of the unemployment insurance fund and have noted the strong recommendations made by the unemployment insurance advisory committee in seeking to put a stop to the drain on the fund. We note that on March 31, 1958, the operations for the year have resulted in an excess of expenditure over revenue of approximately \$134 million. We note further that, as at the end of February, 1959, the balance in the fund had dropped to approximately \$547 million down from \$744 million on March 31, 1958, and \$795 million in February, 1958.

### *Areas of Drain, Financing, Coverage*

We are of the view that before an increase in rates is imposed, a number of areas of drain should be examined; alternative methods of financing should be reviewed and the question of coverage be studied.

The drain on the fund caused by the coverage of fishermen will, according to the unemployment insurance advisory committee, total in a full year \$10 million.

We note that the same committee submitted to the government that the loss to the fund caused by extending benefits to fishermen should be paid from sources other than regular contributions. This is seeking to plug the hole after it has been made. It is the executive council's submission that this group should never have been covered and, indeed, it notes in the hearings of the Standing Committee on Industrial Relations in 1955 a memorandum, dated May 16, 1955, in which such statements as the following were incorporated:—

"The conclusion still seems inescapable that unemployment insurance is no answer to the fishermen's problems... To bring fishermen under the act on such a basis would be misleading and unfair."

Mr. BELL (*Saint John-Albert*): Was that your memorandum?

Mr. BAKER: This is the memorandum which appears as appendix B, dated May 16, 1955. It is an appendix to the minutes of proceedings in evidence of this committee of May 27, 1955, which was filed by the director of unemployment insurance.

Despite this memorandum, the fishermen were covered under the Act.

There are other groups which appear to provide a built-in drain on the fund; we refer to retired workers and certain classes of married women. In a statement of the Industrial Relations Committee in 1955 there was reference by the chief commissioner to certain classes of workers who, for practical purposes, have withdrawn from the labour market when they make their claims. He referred to persons aged 65 or more, for whom retirement rather than unemployment is the real basis for claim in many cases. He stated that in the calendar year 1953 the average number of benefit days for all claimants was 55 as against 259 for the group aged 65 or over.

The regulations for married women were withdrawn in 1957. Prior to these regulations being withdrawn, there were roughly 12,000 claimants who were not entitled to draw benefit, with an annual saving of approximately \$3 million. The chief commissioner reported in the same statement that in the three calendar years 1951, 1952 and 1953, the aggregate number of benefit days paid to married women was more than three times as great as to single women; this despite the fact that at that time only one half as many married women were in insurable employment as single women. The average duration of benefit was 48.3 days for single women and 69.8 for married women, or nearly 50 per cent more, and this despite the fact that the regulations for married women were in effect.

There is reference in the report of the unemployment insurance advisory committee to the drain on the fund occasioned by the extension of the seasonal benefit period, and a recommendation is made that a grant should cover this drain. There is also a recommendation from the same committee that the division of responsibility for revenues to the fund between employers, employees and government be adjusted so that the provision from each be made equal. We find no reflection in the proposed bill, however, of these recommendations of the advisory committee. For the fiscal year ending March 31, 1958, \$57 million was expended in seasonal benefit. The unemployment insurance advisory committee report states that "the original unemployment insurance plan has been extended over the years to provide benefits for workers in the winter months whose periods of contribution are intermittent and limited." This observation of the committee is particularly applicable to seasonal benefit (B) i.e. the benefit payable to a claimant who has exhausted his regular benefit after May 15 and is not required to make any further contributions before drawing benefit. This arrangement violates one of the fundamental principles of any unemployment scheme whereby an insured worker must prove that he had made a specified number of contributions before he can become entitled to unemployment insurance benefits.



We are of the opinion that over the years there has been a gradual attrition of the insurance principles and actuarial soundness of the fund, brought about by working into the provisions of the act arrangements that were never contemplated under the original concept of the act. We feel that before a large increase in rates is added to the existing structure, the whole basis of unemployment insurance should be examined, and that in addition to reviewing the foregoing areas of drain and alternate financing, examination be given to the restricted coverage now in the act, with a view to seeing if excluded groups cannot now be properly covered. We note in the memorandum placed before the 1955 Industrial Relations Committee the statement made by the chief commissioner, in which he states that there were then half a million members of the labour force who could be covered without administrative difficulty. These included, at that time, roughly 170,000 government employees at all levels of government.

### *Commission of enquiry*

I might say that by "commission of enquiry" we are using a term which we considered to be synonymous with royal commission. I think we thought it might sound less formal.

The foregoing are matters that, in the opinion of the chamber, should be examined by a special commission of enquiry.

We are encouraged to note that at mid March, 1959, total employment was 15,000 higher than in February, 1958, and unemployment was 72,000 less than a year ago. More recently published figures are even more encouraging in this respect. We believe there will be ample time to make a thorough investigation of the act before the normal seasonal upturn of unemployment comes again. The executive council recommends that except for the provisions of the act that we suggest merit implementation at this time, a "freeze" be put on additional provisions until the special commission of enquiry has studied the foregoing matters and reported back by December 1 of this year. We would suggest that this commission of enquiry be a representative body with the skills and judgment necessary to make a thorough review of the sound principles on which the act should be operated and the present provisions in relation to these principles. We should be pleased to make suggestions as to the members of the commission of enquiry. We suggest that the commission of enquiry be given full co-operation by the Unemployment Insurance Commission and that additional staff be provided should this be required. The chamber would be prepared to co-operate in every way possible with the commission of enquiry.

The chamber is well aware of the fact that the successful operation of the Unemployment Insurance Act has been a strong bulwark against the hardships that workers suffer from unemployment, and has been a factor in maintaining the purchasing power that has held down the recession. We are anxious that by our recommendations a sound insurance scheme be developed. We submit that our recommendations will have that effect.

### *Summary*

(1) The executive council favours the provisions of bill No. C-43, raising the ceiling, setting out two new classes and liberalizing allowable earnings.

(2) The executive council opposes the provisions of the bill dealing with extending the duration of benefit and increasing the contribution rates.

(3) The executive council recommends that a representative commission of enquiry be appointed to examine the operations of the act as to sources of drain, coverage and financing before any increases in rates are contemplated; the said commission to report back by December 1, 1959.

All of which is respectfully submitted,

Morgan Reid,  
*Chairman of the Executive Council.*

D. L. Morrell,  
General Manager

Thank you.

The CHAIRMAN: I thank you, Mr. Baker.

Gentlemen, you have heard this brief. I think everyone will concede that it is practically identical with the report that has been submitted by the Canadian Manufacturers' Association. They covered the points that have been covered by your organization. That being the case, would you object if we were to couple you with the other organization, the Canadian Manufacturers' Association?

Mr. BAKER: Not at all.

The CHAIRMAN: Questions will be asked when we reassemble.

Mr. BAKER: Would you like first to check with the Canadian Manufacturers' Association?

The CHAIRMAN: I am trying to talk with the other organization.

Mr. EVANS: We would be willing to have a joint question and answer period, if you wish, with the Canadian Chamber of Commerce, but I would like to clarify our situation here today, for the benefit of the members of your committee. We are most anxious that they have an opportunity to question our delegation with respect to the submission, and in as much detail as they wish. However, we are in some difficulty too, in that one of our delegation, at least, is leaving tonight for the I.L.O. conference in Geneva, and cannot be here for several weeks. Another member—our spokesman—unfortunately cannot be here tomorrow, due to other commitments. If it is at all possible to have this done some time today at your convenience, we would appreciate it, because to reassemble this group—the gentlemen here with the delegation are basically responsible for the preparation of the brief—to answer your questions might be very difficult. We will be pleased, at any time today, to put ourselves at your disposal.

The CHAIRMAN: I was trying to get this point settled first. This brief of yours has paragraphs which are similar to those in the other brief, and we could detail off the paragraphs which are similar. Some of these paragraphs cover the matter further, so I do not think you would have any objection if that were done, because they would be answering the same paragraphs. We will try and do something to see if the committee in any way, in extenuating circumstances, can make some kind of reasonable concession to you in that regard.

Mr. NOBLE: Under these circumstances, Mr. Chairman, would it be possible for us to make some effort to meet these men between 6 and 8 o'clock tonight?

Mr. MACLEAN (*Winnipeg North Centre*): Do you think that will be enough time?

Mr. MACINNIS: I think that when this question was put originally, we asked for guidance from these gentlemen. They are here today, and I think

it is now a matter of placing ourselves at their disposal. As has already been indicated, several of them have reasons to leave Ottawa as soon as possible. One of the gentlemen here is on his way to Geneva, I understand. I think it is now time for the committee to cooperate with the associations.

The CHAIRMAN: I am in your hands—whatever you want to suggest.

Mr. BELL (*Saint John-Albert*): I think that is right. But may I put it a bit more delicately and simply say we will hear these two groups today and the steering committee be authorised to call that meeting, with the reservation that they may call between 6 and 8 o'clock, if necessary. I am not so interested in the fact that we should not be sitting when the house is sitting, but we will be getting into the supper hour, and I do not think I have ever heard of a sitting during the supper hour.

Mr. MACLEAN (*Winnipeg North Centre*): May we not continue on now with questioning and see how we get on?

Mr. BELL (*Saint John-Albert*): I think, Mr. Chairman—we have to eat; we have to be in the house at 2.30—we would only get in a few questions and would still not be complete. The steering committee should meet immediately on our adjournment here and decide if we are going to sit when the house is sitting, or from 6 to 8 o'clock today.

The CHAIRMAN: Is that agreeable?

Agreed.

An Hon. MEMBER: If you can get word to these gentlemen.

The CHAIRMAN: We will do that.

Mr. GRAFFTEY: For my own part, Mr. Chairman,—like the brief of the Canadian Manufacturers' Association—obviously a great deal of real thought and hard work has gone into this brief, and I would like to thank the chamber and the other people responsible for preparing these briefs. I would like to thank them most sincerely for a very able and clear presentation.

The CHAIRMAN: We do appreciate that. They have made the sacrifice of coming down here, and I think we all endorse those words of Mr. Grafftey. Is it agreed we go to the steering committee immediately we adjourn. Is that acceptable to the committee, that the steering committee meets immediately we have adjourned and makes a decision then as to when we are going to meet again?

Mr. MACINNIS: What about these gentlemen here?

The CHAIRMAN: The clerk will let them know in a few minutes. Will the steering committee stay?

6 p.m.

May 21, 1959.

#### EVENING SESSION

The CHAIRMAN: Gentlemen, we have a quorum so we will proceed. If there are any questions you would like to ask the delegations you may do so at this time. We have arranged it so that the Canadian Manufacturers Association is on my right and the Chamber of Commerce is on my left.



Mr. MARTIN (*Essex East*): So far as I am concerned, I would like to deal with one brief at a time. I call the attention of the spokesman for the C.M.A. to page 2 of this report. I refer to paragraph 4 which states:

To this end it has made representations in the past to the government of Canada particularly with respect to proposed amendments to the act and the recommendations of the unemployment insurance advisory committee.

Could you tell me when you made these representations to the government of Canada?

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, before we get on with a discussion of this brief, I rather feel that some question came up as to what the terms of reference were. The brief itself deals with the whole Unemployment Insurance Act and it seems to me to be questionable as to whether this committee properly has the whole Unemployment Insurance Act before it. I think it should be decided whether the questions we are going to direct need to relate directly to the bill before us and I think the committee should arrive at that decision before we proceed any further.

Mr. MARTIN (*Essex East*): I would say it is not possible to discuss the amendments in Bill C-43 unless we can refer to certain matters that made possible the recommendations that are contained in the proposed amendments. Now, in the bill before us there is a recommendation by the government for an increase in the rates of contribution. These rates of contribution are either proper, valid or invalid. They are either too high or too low and the only way we can ascertain and make a reasonable judgment on it is by knowing what recommendations were made by the body set up by parliament to consider such a matter. That, among others, is the advisory committee of the unemployment insurance commission.

If we are to be precluded from dealing with a matter like this I, for one, say this committee might as well close its deliberations and go back to parliament and we will deal with it there. In that event, if that is the decision of this committee, then the government members of this committee, for reasons better known to themselves, have been trying to shut out from the public and from us information which we feel we are entitled to receive.

In every meeting that we have had this kind of suggestion has been made by members on the government side. Possibly it is because it is the end of a long day, in which none of us have had much chance to do other work than to carry on our work in committee.

I am not going to sit in this committee and find that every time we put a question, the suggestion is made that we have no right to put it. Anyone who has studied the amendments of the act knows well that you have to consider the recommendations of the advisory committee.

Mr. SPENCER: May I say something, Mr. Chairman. I do not think a statement of that kind should go unchallenged. I cannot agree with my friend from Essex East that a brief such as this, covering matters other than those contained in the bill, is what should be before this committee at the present time. Perhaps at some other time it might be well for this committee to consider the whole act and any other suggestions that may be made; but all there is before us at the present time is this bill and unless the questions are related to the bill, I think we are taking up time that might better be employed in the consideration of the amendments.

Mr. PETERS: Briefs have been presented by these various organizations and I do not think it is any of our damn business what they decide relative to the Unemployment Insurance Act. They have submitted these briefs and they have suggested that these things have a bearing on the Unemployment

Insurance Act, and I think they have the right to say that. On the other hand, we have the right to discuss what is in their briefs and whether we believe it is relative to the Unemployment Insurance Act. I think it must have had some connection or they would not have put it in. I think we should go ahead with the discussion of the briefs and never mind this business of this is what we cannot discuss and this is what we can discuss. When we have finished our discussion of these briefs, I think we will have discussed it very fully. There will not be many sections we cannot go into to some extent and I think we might as well go ahead. I have not heard anything that does not relate to the Unemployment Insurance Act. Some of these amendments are broad enough; some affect the financing of it, some affect the benefit period; some affect the number of people who are on it, and then there are the additional classifications. I think the amendments are quite broad in scope and these statements we have had so far have not been unrelated to these amendments. I think we should accept the briefs as they are and go ahead and discuss them.

Mr. SPENCER: If they are relevant to the bill, that is all right; if they are not, then we are wasting our time.

Mr. MARTIN (*Essex East*): I suggest they are relevant to the bill.

Mr. PETERS: I suggest the Canadian Manufacturers Association consider their brief to be relevant and I am sure the organizations which have submitted other briefs also consider them to be relevant or they would not have put them in. I think we should discuss them and we will decide for ourselves whether we think they are relevant. I think we should discuss the whole thing, because these submissions have been related to these specific amendments to the act. We should discuss it in these terms.

The CHAIRMAN: That is perfectly correct, but the same thing is happening in this committee as happened in the house. When the bill was before the house in connection with the amendments to the Unemployment Insurance Act they were wanting a report from the advisory committee and they were not entitled to it.

Mr. MARTIN (*Essex East*): That is not an accurate statement and the minister acted differently. I do not know why you persist in this dictatorial attitude.

The CHAIRMAN: Just a minute. I think I have a right—

Mr. MARTIN (*Essex East*): I do not think you have the right.

Mr. MACINNIS: As of now, Mr. Martin is trying to have his way and it will continue the same way as it did this morning. I do not think this is the purpose of this committee. We are here to discuss a brief; let us discuss it. If we do that, it does not mean we are going to discuss something that was ruled out of order in the house.

Mr. MARTIN (*Essex East*): It was not ruled out of order in the house. You do not know what you are talking about.

Mr. MACINNIS: Fifty rulings in two days.

The CHAIRMAN: We brought these gentlemen here for the purpose of interrogating them on matters which are pertinent. Every member is entitled to his view and when a member is making an expression or observation on it, he is entitled to go through with it. The chair is not at the other end of the room; the chair is right here and the chair is going to continue from here.

I ruled this morning that anything that has to do with the advisory committee is not pertinent and I will not permit it to be discussed. It has been ruled upon. You had the opportunity of bringing this before the house this afternoon. You warned us you were going to do it and it is up to you to do that.

Mr. MARTIN (*Essex East*): You are talking about another matter.

The CHAIRMAN: No, I am not.

Mr. MARTIN (*Essex East*): Yes, you are.

The CHAIRMAN: You just wait a moment.

Mr. MARTIN (*Essex East*): I will not wait—and you are not going to talk to me like you have been doing.

The CHAIRMAN: And you are not going to talk to me like that either.

Mr. MARTIN (*Essex East*): You have confused two things. This morning what we were seeking to do was to deal with the minutes of a particular meeting. We have ascertained from the law officials of the crown we could not do it by way of a particular motion. The member for Hull raised a request for the production of the minutes during the estimates of the Department of Labour. The Minister of Labour said he would give consideration to production only by a motion placed on the order paper, and that will be done.

The question before the committee is not the minutes of the committee; the question now is another matter altogether and that is that this particular body, the C.M.A., states in article 4 that it went before the government and made certain recommendations with respect to proposed amendments that had been offered by the government and with respect to recommendations offered by the unemployment insurance advisory committee, and I have asked a simple question as to when this body did appear before the government. When I put that question, which was a perfectly proper one, I was interfered with by a suggestion I had no right to ask that kind of a question. I said in reply that we might as well close the committee right away and not waste our time, if that is the kind of examination we are going to make.

Anyone who knows anything about the bill, knows you have to study the reports of the advisory committee, and the reports of the advisory committee were not ruled out of order. We discussed them a whole week in the House of Commons and if we could discuss it there, are we to be told we cannot discuss it here?

The CHAIRMAN: They only discussed them in the house because you successfully evaded the ruling of the Speaker.

Mr. MARTIN (*Essex East*): That is not so. I ask you to withdraw that observation, as it is a reflection on the chair and a reflection on me.

The CHAIRMAN: It was not a reflection on the chair; it was the way you evaded it.

Mr. MARTIN (*Essex East*): I ask you again to withdraw that statement.

The CHAIRMAN: I have no intention of withdrawing it.

Mr. MACINNIS: I would like to have another word here.

The CHAIRMAN: You only discussed that in the house because you successfully evaded the ruling of the Speaker.

Mr. MARTIN (*Essex East*): No; I ask you to withdraw that observation. That is a reflection on the chair and it is a reflection on me.

The CHAIRMAN: It certainly was a reflection on the chair, the way you evaded his ruling.

Mr. MARTIN (*Essex East*): I ask you to withdraw that.

The CHAIRMAN: I have no intention of withdrawing it.

Mr. MACINNIS: If I could interrupt here: we are getting back to what it was this morning. We are getting nowhere; let us get on with the brief.

The CHAIRMAN: I agree. We have asked these gentlemen to come back to give explanations.



Mr. MACINNIS: Yes. If we cannot get on with the business here unless it is at the discretion of Mr. Martin, I suggest we do what was suggested this afternoon, sit while the house is sitting. You fellows always get your way.

Mr. CARON: We will not stand for this, the way some members are trying to do. We are questioning on the brief, and if you refuse us the right to question on the brief, we will consider that a new form of closure that we cannot accept from you, from the chairman, or anybody else.

Mr. MACINNIS: I am asking the chairman to get along with the brief.

Mr. CARON: Mr. Martin was questioning, clearly, on the submission.

Mr. PETERS: Mr. Chairman, just for a point of clarification, is this your ruling—and I am probably the only impartial one here: you are ruling that we are not to discuss the minutes of the advisory committee as such? I think we have had some discussion on that—that matter has to be raised in another manner, which we have not done. Secondly, you will allow, I presume, the discussion that may take place in our questioning of what the advisory committee said in regard to the things that are included in the brief?

It seems that the organizations we have had in the last two days know pretty well what this is, and I presume the reason for this is that some of their officials are on that advisory committee. But you will allow us to discuss those, but not the minutes of those committee meetings that were in dispute in the house; is that the ruling?

The CHAIRMAN: No. In this report—

Mr. PETERS: I would like to be very clear on this.

The CHAIRMAN: I will try and explain it in my own fashion. I cannot say I will be as suave and unctuous as Mr. Martin in doing it.

Mr. MARTIN (*Essex East*): I am sorry; you could not.

The CHAIRMAN: I recognize that. I will say, as far as the briefs presented by these organizations are concerned, they are at perfect liberty to present the briefs as they see fit. They can make reference to the unemployment insurance commission and the advisory board, because they are outside the government and outside this committee and, therefore, they are not bound by the rules under which we operate as to what is permissible and what is not. Therefore, because they say these things, it does not give a lever to those who are trying to get it in in that fashion. I am acting strictly, as I think I should be—whether or not I am doing it successfully—having regard to what the speaker said was permissible to be brought into the subject: that is, the vocational report was not to be brought into the discussion of these amendments. I am ruling it out, therefore, and it is in the committee's hands whether they want to accept it or not.

Mr. MARTIN (*Essex East*): Before I make a motion I want to ask you to withdraw a remark you made. You said I evaded the direction of the speaker when I discussed in the House of Commons last week the advisory committee report dated August 19. The speaker specifically ruled that we could discuss that report. What he ruled was that we should not challenge the Minister of Labour for having failed to comply with the act in presenting the report. That is the ruling the speaker made; he definitely ruled that we could discuss this report—as the minister did. The effect of the ruling which you have now made is to deny us in this committee—set up by parliament for the purpose of discussing the amendments to this act—the opportunity of analyzing the amendments proposed by referring to reports that were discussed for several days in the House of Commons. You are saying that what the House of Commons did, we cannot do.

Well, I challenge that ruling, and I now move that we be allowed to question this particular group before us on the matter of the reports made by the advisory committee that are now before the House of Commons.

Mr. CARON: I second the motion.

The CHAIRMAN: All right.

Mr. MACINNIS: I do not see why these gentlemen should be obligated to answer any such questions. I do not think they are in a position to answer for what the advisory committee has done.

Mr. MARTIN (*Essex East*): That is another matter.

Mr. MACINNIS: It is not another matter.

The CHAIRMAN: Mr. MacInnis has the floor.

Mr. BELL (*Saint John-Albert*): I would like to express myself in this regard—and I think we are taking this thing a little too seriously at the outset. We are only in committee. We have already heard one brief from the Canadian Construction Association, and we got into some of the problems of the act and we discussed those matters. I think it was the opinion of the chairman that at times we carried the degree of our questioning too far as far as details of certain aspects of the advisory committee, the minutes and reports, were concerned.

I would suggest we are a bit too heated and worried about this. We have only until 8 o'clock. We have asked these important businessmen—who cannot come here again—to stay over. They probably figure that in a way they have wasted an afternoon here in Ottawa. Why cannot we, instead of worrying about a lot of legal mumbo-jumbo here in committee—that is really not as serious as the house—just ease into this matter and try putting questions to these witnesses and getting into a better frame of mind. Then, if the chairman is worried about the implications of some of these questions, or thinks the questioning is taking a direction which is not proper, naturally he can interrupt and make his ruling. But I do suggest, seriously—after we have all had our exercise after supper, here—that we should get into a better frame of mind.

Mr. MARTIN (*Essex East*): There is a motion before the house. I am willing to withdraw that motion, in view of the considerate, characteristically considerate views of the—

Mr. BELL (*Saint John-Albert*): —great statement, at that time.

Mr. MARTIN (*Essex East*): But I want the chairman to know that I certainly do not want us to be precluded from discussing in this committee what we discussed in the house.

The CHAIRMAN: Do you want to withdraw the motion?

Mr. MARTIN (*Essex East*): I am willing to accede to the suggestion—which I would hope the chairman would follow—made by Mr. Bell.

The CHAIRMAN: The committee is agreeable to that.

Mr. MARTIN (*Essex East*): In paragraph 4 you state that you made representations to the government of Canada with respect to proposed amendments in bill C-43 and the recommendations of the unemployment insurance advisory committee. What were the recommendations of the advisory committee that you had in mind when you made these representations to the government of Canada?

Mr. PAGE: The recommendations of the advisory committee to which we referred are the same ones as are incorporated in our brief.

Mr. MARTIN (*Essex East*): That is, that the government contribution should be one half of the total contribution of the employers and employees?

Mr. PAGE: Among others.

Mr. MARTIN (*Essex East*): Among others. Had you seen those recommendations when you made your representations to the government?

Mr. PAGE: They were published before we dealt with them, obviously.

Mr. BELL (*Saint John-Albert*): You also have a representative on the advisory committee from your association?

Mr. PAGE: No, Mr. Chairman, we do not have a representative as such from the Canadian Manufacturers' Association.

Mr. BELL (*Saint John-Albert*): But does the chamber of commerce?

Mr. McNALLY: Mr. Chairman, I think the position is that there are certain nominations offered by various groups, to the Minister of Labour, with respect to the unemployment insurance advisory committee. We made recommendations. I think the group is looked upon as being an autonomous group; but nominations come from the association. We made some: perhaps the Canadian Manufacturers' Association made some. They are nominated by us, but I think they are—

Mr. BELL (*Saint John-Albert*): Would there be any contact? I do not mean to pin you down on it, but there must be liaison between this type of individual and at least individuals on your executive council.

Mr. McNALLY: Yes, there is, through our labour relations committee.

Mr. PAGE: I might say our position is the same, in that we have been asked to nominate a member of the advisory committee, but I think you are well aware in recent action that nominations are not necessarily supported by government action. The man we have nominated, and who has been serving for some 12 years on the committee, is in fact a professional actuary and not a member of the Canadian Manufacturers Association.

Mr. MARTIN (*Essex East*): I think, in fairness to the witness, who said he knew of this and other recommendations from public references, I should point out that in accordance with the act there was tabled in the House of Commons the report of the meeting, a report that had to be tabled at the end of the fiscal year, 1958. That report refers to that, Mr.—what is the name?

Mr. PAGE: I am Mr. Page.

Mr. MARTIN (*Essex East*): At page—this is a public document tabled in the House of Commons.

The CHAIRMAN: We were just laughing at the alliteration of "Page to page".

Mr. MARTIN (*Essex East*): Mr. Page, I wish you had another name, so you would not add to our confusion.

Mr. Page, I am referring to page 6 of sessional paper 82-A in which one of the recommendations is, with regard to the stabilization of the fund in this respect:

To extend coverage to many classes recognized as poor risks; provisions for whom would otherwise have fallen on government, at some level—the committee respectfully recognize that the division of responsibility for revenue to find fund as between employers and employees and government be adjusted so that the contribution from each be made equal; in other words, that the contribution from the government be made equal to one-half that of the combined contributions from employers and employees.

Is that one of the recommendations you had in mind in the representations you made to the government?

Mr. PAGE: That is correct, Mr. Chairman.

Mr. MARTIN (*Essex East*): Could you tell us what reaction you had to the representations you made?



Mr. PAGE: The representations we made we referred to on page 2 as having been made to the Minister of Labour on February 2, 1959, and I suggest that is privileged information.

Mr. MARTIN (*Essex East*): What page is that?

The CHAIRMAN: Page 2, section No. 5.

Mr. BROWNE (*Vancouver-Kingsway*): I wonder if I might ask Mr. Page a question? In supporting some of the recommendations of the advisory committee here, you are not suggesting all the recommendations of the advisory committee should be accepted, because they were made by the advisory committee? You would not feel it is necessary to accept it because it is a recommendation of the advisory committee?

Mr. PAGE: That is so; and to go further, we mention in our brief that we do not support all the recommendations of the advisory committee.

Mr. MARTIN (*Essex East*): But you do support this one?

Mr. PAGE: That is correct, Mr. Chairman.

Mr. MARTIN (*Essex East*): This is all I have to ask on page 2.

Mr. SMITH (*Winnipeg North*): You mention in paragraph 4 that you made representations in the past to the government not only with regard to the specific amendments before us, but perhaps with regard to other amendments in the past, is that correct?

Mr. PAGE: That is correct, over the course of the years we have made a number of representations. We do not have them spelled out here. For example, in 1955 we made representations with respect to Bill 328, to this Industrial Relations committee; and on February 2, 1959 we referred to our meeting with the minister; and over a period of years there have been many other representations made.

We have not chronicled them, because that did not appear to us to serve any useful purpose.

Mr. MARTIN (*Essex East*): Your representations were made to the government—not to the government as a whole, but to the Minister of Labour?

Mr. PAGE: That is correct.

Mr. MARTIN (*Essex East*): In 1955?

Mr. PAGE: No, in 1955 I said to this committee. The representations to the minister are spelled out—February 2, 1959—that is in paragraph 5 of our submission.

Mr. MARTIN (*Essex East*): The representations in paragraph 4 were made to the Minister of Labour this year.

Mr. PAGE: The representations mentioned in paragraph 5 were made.

Mr. MARTIN (*Essex East*): My question is that the representations made in paragraph 4, you said they were made to the government, but do I understand by that you mean, the Minister of Labour?

Mr. PAGE: In the past.

Mr. MARTIN (*Essex East*): In paragraph 4:

At the outset the association wishes to state that its members have been greatly concerned that the Unemployment Insurance Act should operate on a sound insurance basis. To this end it has made representations in the past to the government of Canada particularly with respect to proposed amendments.

“In the past”, do you mean not this year?

Mr. PAGE: I have tried to tell you, gentlemen, we made one submission in 1955 with reference to Bill 328, to this committee.

The other representations have been made occasionally, as we have seen fit to make them to government, through the Minister of Labour.

Mr. MARTIN (*Essex East*): I may be wrong, but I assumed these were representations you made this year, but you have made them in the past?

Mr. PAGE: Yes.

Mr. MARTIN (*Essex East*): Did you make representations this year to any member of government, or to government as a whole?

Mr. PAGE: That is spelled out in paragraph 5, Mr. Chairman, specifically, inclusive of that to the Minister of Labour on February 2, 1959.

Mr. BELL (*Saint John-Albert*): Regarding those 1955 committee hearings—and I appreciate the record is available—but would you tell us, generally, what the suggestions were you made at that time, the ones that are similar to the present ones, which were not acted upon by the then government?

Mr. PAGE: I am sorry, I cannot answer that question; and I do not see any evidence of any member of our delegation who would be able to.

Mr. MARTIN (*Essex East*): At that time, is it not a fact there were no proposals for the increase in the rate of contributions, so the representations could not have been of the same order as the ones we are discussing today?

The CHAIRMAN: That is a leading question. You do not have to answer that, unless you wish to.

Mr. MARTIN (*Essex East*): I say that as a fact.

Mr. BELL (*Saint John-Albert*): Just for the record—and I am not carrying the question any further—I want to state a great many of the representations in this brief are of a general nature and do not specifically refer to an increase in contributions, so we cannot necessarily pin-point every suggestion of Mr. Martin.

Mr. MARTIN (*Essex East*): That is right, but the specific question I asked was with regard to rates of contribution, and in 1955 there were no proposed rates of contribution suggested.

Mr. BELL (*Saint John-Albert*): But there were other recommendations made which were not acted on by the then government, and you cannot have the last word every time, Mr. Martin.

Mr. MARTIN (*Essex East*): That is right, and I will let you have the last word now.

Mr. PETERS: Mr. Chairman, could I ask Mr. Page, is it a fact and is it fair to say that in the submissions they have made, either pro or con, the recommendations of the advisory committee, and the amendments that are in this bill, have been in keeping with section 4 on page 2, where they state:

The Unemployment Insurance Act should operate on a sound insurance basis.

You have opposed any changes that are not actuarial insurance practice and have been in favour of any that were actuarially sound in insurance practice?

Mr. PAGE: We have always supported the principle that the unemployment insurance scheme should be actuarially based, and we have opposed any deviation from that principle.

We opposed, for example, only recently the inclusion of fishermen under the act.

I would not say, to the second part of the question, we have always supported some of the other proposals, because I have no recollection of them, actually.

Mr. GRANGER: With respect to the insurance principles involved, I rather regret that your interpretation is so limited. This unemployment insurance is made to be broader than an ordinary commercial insurance scheme. As a matter of fact, here you say:

Being in its very nature merely a palliative.

You admit the welfare aspect of the unemployment insurance; but to attempt to confine unemployment insurance to just another ordinary commercial scheme is, to my mind, to my way of thinking, wrong; and, in turn, led to what I think was a rather narrow indictment of the fishermen participating in the unemployment insurance.

In passing, I might say it does surprise me to find the fishermen singled out for criticism, because, after all, Canadian manufacturers have, in the Newfoundland market, a captive market of 400,000 people, and a market which, I believe at the present time, is third only to the United States and Great Britain in the amount of goods which it buys from central Canada, and in manufacturers' costs it buys even more than they do.

I think it should be borne in mind, before criticizing the fishermen with regard to unemployment insurance, these fishermen in Newfoundland are good customers of the manufacturers in Canada and they have to sell their fish competitively in a market against fishermen of other countries, who are heavily subsidized by government.

Mr. MACINNIS: Mr. Chairman, we are going off on a tangent. We are now relegated to the position where we are making statements defending the position that the unemployment insurance scheme is no longer on an actuarially sound basis. I do not think it is the intention of this meeting to have every one of us around the table making statements.

The CHAIRMAN: That is quite correct. I tried to start out on the basis that we would ask questions of those who are presenting the briefs, in the form of an extension of what they have stated in their briefs, but if you agree or do not agree you were not to enter into a debate with them.

Mr. PAGE: Mr. Chairman, I think we should answer the question which has been raised. We would like to make it very clear that we are not against any social measures which will help persons in distress. We are definitely not opposed to fishermen. As a matter of fact, I fancy myself as a bit of a fisherman, among other things. We do, however, propose that the plan be based on sound actuarial grounds. We see no justice in asking someone engaged in another industry to, in effect, subsidize an industry which has problems which are peculiar to itself. We have suggested there are other avenues of assistance for those persons.

The last thought we would like to leave with you is that we are opposed to any group. We merely submit that the insurance principle should be perpetuated in the act.

Mr. GRAFFTEY: Apropos of this discussion, both the Canadian Chamber of Commerce and the Canadian Manufacturers' Association have made mention of two types, two aspects of unemployment insurance, as it has now grown up. They submit that it should be on a sound actuarial basis and they present that seasonal unemployment is more in the nature of a welfare problem. Has either the Chamber of Commerce or the manufacturers' association defined in their



own thinking a system whereby there would be two different administrations for what is more or less under one heading today as unemployment insurance? Have either of the groups worked out a fairly well defined definition of how it should be set up?

Mr. PAGE: We will answer first because we have been answering first. The Canadian Manufacturers' Association has not. We have pointed out in our brief that there are other devices which help particular groups of people who have problems peculiar to their own calling. The Unemployment Assistance Act is a case in point. That is one of the matters we feel should be studied by the body which we propose be set up for that purpose, among others.

Mr. BAKER: Mr. Chairman, I can only confirm what Mr. Page has said. We are not prepared to make any specific recommendations. We feel it is a subject which requires study by a competent body such as a royal commission. We all can think of systems of crop failure insurance which have been proposed in other realms. We are not suggesting that in the case of fishermen, but it can easily be imagined that there are alternative methods of aiding a particular industry of that nature if it is considered feasible.

Mr. PETERS: Are you suggesting that a second stage of a new program to be set up would be contributory from the point of view of national economy rather than on an actuarial basis? You are in agreement that the fishermen and other seasonally unemployed—and seasonal in terms that it happens every year and is an expected hazard—should have a program which would support a second fund which would be contributed to on another basis for this type of unemployment?

Mr. BAKER: We have made no such recommendations. Our recommendation consists in this. We have suggested there are certain groups now covered by unemployment insurance who should not be covered because it is impossible to work out an actuarial basis of insurance for them.

Mr. PETERS: What is your suggestion?

Mr. BAKER: We have suggested that a royal commission or a commission of inquiry be set up composed of competent persons to look into this whole question, before which we would be perfectly pleased to make representations as a body.

Mr. BELL (*Saint John-Albert*): Would you foresee any difficulty in the components of this commission due to the fact that labour and management are generally so much in disagreement on the different aspects of this subject?

Mr. BAKER: Mr. Chairman, we already see many defects in the unemployment insurance set-up and its administration. The difficulties are relative. It is quite conceivable that a competent body could bring in sound recommendations for alternative assistance for groups such as fishermen.

Mr. BELL (*Saint John-Albert*): However, it is a responsibility of parliament and this committee to deal with a matter such as this. I do not know whether or not the witness agrees, but personally I feel that the members themselves are just as competent as anybody else because they represent so many different walks of life and they are just as likely to come up with a fair solution to this growing problem.

Mr. McNALLY: With respect to the confliction which you mentioned might be present between an independent group of people, the unemployment insurance advisory committee is such a group composed of management, labour and other people, and has on occasion seen fit to come up with specific recommendations unanimously. They have been able to do that.

Now in respect to the question as to whether or not parliament has the competence to make up its mind as to what kind of a scheme it should establish, I agree with that, but I would put forward that in other areas there have been

examinations done by expert people. There was the examination done, for instance, by professor Clark of Vancouver in the field of old age security at the request of the government. There are other royal commissions sitting which are advisory to the government. They have perhaps the leisure time and can call experts and special witnesses before them. They can go all over the country hearing representations which are not binding on the government but which do form part of a report which has been produced by competent people here and representative groups. Finally, a report is made to parliament and it is parliament's decision whether or not they will accept it.

Mr. MITCHELL: In making this observation, it applies both to the Canadian Manufacturers' Association and the Canadian Chamber of Commerce. You each oppose extension of the benefit period as outlined in this amendment, and also increasing the contributions. Am I correct in assuming that?

Mr. BAKER: That is correct, Mr. Chairman.

The CHAIRMAN: They both agree.

Mr. PAGE: At this time may I add this comment: I wonder if I might be permitted to read an excerpt from the official report of the Royal Commission on Unemployment Insurance of which Judge Gregory was chairman, because it relates to the suggestion made by one of the hon. members. He said:

A national scheme of insurance is necessarily complex. . . . If all the details of the scheme are incorporated in an act of parliament it is to be expected that frequent amending acts will be necessary in order to remove anomalies.

These amendments in many cases are clearly necessitated by the unanticipated results of previous legislation. They are not questions of principle but, while they remain unamended, they impede the administration of the scheme and may cause hardship to the individual applicant or admit unreasonable claims. In the congested state of parliamentary business it is difficult to legislate for their removal. In any event it is doubtful if parliament is the body best qualified to examine the technicalities of a complex scheme and effectively to pass judgement upon detailed amendments of relatively minor importance." (Paragraph 290)

That might be of interest to you.

Mr. CARON: Is it not true that the Canadian Manufacturers' Association made reference to two different systems, the insurance on one side, because at page 14 you say:

If relief is required for persons unemployed in the off-season it should come from a public assistance scheme and not from an insurance plan based on actuarial principles.

In your insurance plan there should be a related plan outside of the insurance system. Is that what you mean?

Mr. PAGE: I referred to the Unemployment Assistance Act which I previously mentioned. It was designed for the purpose, as we understand it, of caring for off-season unemployment. That was the original concept or purpose of unemployment insurance.

Mr. CARON: You mean unemployment assistance which would be some kind of relief act?

Mr. MARTIN (*Essex East*): What Mr. Page has in mind is a public assistance act which provides assistance to those who cannot qualify for unemployment insurance benefits. It is made up of contributions from the federal government and the provinces. That is what you are referring to?

Mr. PAGE: That is correct.

Mr. SMITH (*Winnipeg North*): On the so-called benefits, I notice in paragraph 15 you say:

One of the most serious departures from insurance principles occurred in the Canadian scheme when the provisions for seasonal benefits were enacted in 1950,...

Did you make representations to the government in regard to those seasonal benefits?

Mr. PAGE: We have no record of it.

Mr. BELL (*Saint John-Albert*): It may be blurry on your page.

Mr. PAGE: None of us present has recollection of it. I am afraid we would only be guessing if we said we did or did not.

Mr. MARTIN (*Essex East*): What about the Canadian Chamber of Commerce?

Mr. BAKER: The Canadian Chamber of Commerce did make very lengthy representations to this committee—I mean to the Minister of Labour. I am corrected.

Mr. SMITH (*Winnipeg North*): Were any of these representations endorsed or followed?

Mr. BAKER: No. We opposed the institution of seasonal benefits for obvious reasons.

Mr. PAGE: Perhaps I might add that we have also opposed them at times, but I cannot specifically state for our group that they were made at the time referred to.

Mr. MARTIN (*Essex East*): Are you aware that supplementary benefits were paid by the former administration on three different occasions out of the fund, and that the fund was replenished to the extent of those invasions?

Mr. PAGE: No, I cannot remember. I am sorry.

Mr. MARTIN (*Essex East*): I would like to ask the gentlemen of the Canadian Chamber of Commerce a question, if it is in order.

The CHAIRMAN: It is.

Mr. MARTIN (*Essex East*): On page five of their brief, paragraph two, they say:

The present rates are scheduled to rise by approximately 30 per cent average if the bill is passed.

Then at the bottom of that page they say:

The executive council submits that the average increase in rates should not be implemented as it will greatly add to the cost of doing business and is partly based upon certain built-in drains on the fund, to which we will make reference in the following section.

You are no doubt aware that these proposed rates of contribution in the amount of 30 per cent on the average apply to the workers as well? Would you care to make any comment about the effect of them by way of further imposition on the workers?

Mr. BAKER: We are inclined to feel that the trend seems to be to impose an unjustified burden on employees regularly employed in order to subsidize in effect employees who are unfortunately in less stable industries.

Mr. MARTIN (*Essex East*): You do not mean by that that these latter people should not be provided for. But do you think it is a fair burden to be imposed on workers and employers for that purpose?

Mr. BAKER: That is right.



Mr. SMITH (*Winnipeg North*): Would it not be fair to say that for those people who are seasonally employed, who derive the benefit of unemployment insurance during the period that they are laid off—would it not be better to say that the unemployment insurance benefits which they derive make them more readily available for work when something does come up again, after the lay-off period is over? Would that not be a fair statement?

Mr. BAKER: I think it would also be fair to come back to our fundamental submission, that if it is contrary to sound actuarial principles to cover a certain group of workers under the Unemployment Insurance Act, then they should not be covered regardless of the possible favourable effects that coverage might have. I submit it might be preferable to treat them under separate legislation.

Mr. SPENCER: Did your chamber of commerce make that representation before? I mean, have you taken that position before?

Mr. McNALLY: Unfortunately when this letter to which Mr. Baker was referring, was sent to the Minister of Labour in 1950, on the occasion of the introduction of the so-called benefits, the supplementary estimates were then 80 per cent, I think, of the regular benefits. At that time when we made representations we thought that this was getting away from the actuarial basis of the scheme, that it was not sound insurance. That was our position in 1950.

Mr. BROWNE (*Vancouver-Kingsway*): I would like to ask Mr. Baker a question. He stated that he felt that employees who were regularly employed were discriminated against to some extent in having to pay for those who were out of work. It seems to me that if we were to follow that suggestion—in other words, if we took all those regularly employed out of the thing, then it would be very difficult to insure, if we had only unemployed persons to insure; we would be in a very difficult position. The whole purpose of unemployment insurance must be to insure the labour force as a whole. But naturally those who are working will have to support some of those who are out of work. Surely that is the principle of the whole act.

Mr. BAKER: May I go back to one of the sound insurance principles, and it is this: that unemployment insurance is intended to cover the individual against the risk of unemployment, but not against a certainty of unemployment which can be anticipated at the time of the coverage—that if a person will be unemployed at certain seasons of the year.

Mr. BROWNE (*Vancouver-Kingsway*): I agree.

Mr. BAKER: It is not a risk that is being covered. It is a certainty.

Mr. BROWNE (*Vancouver-Kingsway*): It may be certain that those working in one industry—it may be reasonably certain that they will be out of a job in that particular thing; but surely there are other so-called works where they may be employed. So just because a person is out of work in one particular industry it would not necessarily mean that he would not find another job at that time.

The CHAIRMAN: Is there anyone else?

Mr. MARTIN (*Essex East*): I have dealt with part of this question with Mr. Page. But referring again to sessional paper 82-A, the report of the unemployment insurance advisory committee for the fiscal year ending March 31, 1958, tabled by the Minister of Labour, at page four, paragraph 20, the following appears:

It is a fact that the burden of this expenditure in the opinion of the committee should not be imposed on the unemployment insurance fund unless the loss to the fund is made good. And we stress that the government should take action to replace the drain on the fund by reason of the extension of the so-called benefit period by grants.

Would you agree with that recommendation?

Mr. BAKER: I believe that is covered in the brief.

Mr. McNALLY: Yes, that is mentioned in our brief specifically.

The CHAIRMAN: It is covered in both briefs.

Mr. MARTIN (*Essex East*): I wanted to make sure.

Mr. PETERS: Could I proceed to another section in the C.M.A. brief?

Mr. SIMPSON: I would like to ask a supplementary question while we are still dealing with seasonal benefits. Seasonal benefits do not come under the amendments as we have them before us. The things with which the amendments are concerned are increased contributions, increased benefits and, of course, the new class of wage scale employees who will enter this. In view of this, Mr. Page, why would you say you felt that the government's contribution should increase to any extent over the employer's contribution or the employee's contribution? In the first part of the brief you mentioned the fact that this is an unemployment insurance plan and that it should be kept away from a welfare plan. We discussed here seasonal benefits, which are already in the act and do not come in under the amendments. The question of whether the government should put in more than it is putting in now apparently comes in as a result of these amendments, and my question is this. On what basis do you think the government should contribute more than they are under the present act?

Mr. PAGE: That is covered in our brief. In connection with the basis on which we make the contribution, the public interest is represented, of course, to a degree, and we feel it is equitable that each of the three parties should make an equal contribution.

Mr. SPENCER: There are no increased seasonal benefits being brought in under the amendments now before the house.

Mr. PAGE: We understand that.

Mr. SPENCER: Then I do not quite understand, Mr. Page, why it is important today that the government should increase its contribution when it was not important a year ago.

Mr. PAGE: So far as I am aware, we did not suggest a year ago that it was not important. Representations have been made to this effect over a period of years. As a matter of fact, in our view it is more important and urgent at the present time because of the depleted state of the fund.

Mr. SPENCER: But that was the reason why you were advancing it now. However, according to your concept of it, it should have been done at the time when these seasonal benefits were first granted.

Mr. PAGE: We have always held there should have been equal contributions from the beginning of the unemployment insurance scheme. We did not tie it to any particular event.

Mr. MARTIN (*Essex East*): Is it not a fact that before 1957 the state of the fund was not in a perilous state; as a matter of fact, it has not been except this year, and I suggest to you there was not the same urgency for making a suggestion there should be a grant out of the consolidated fund to bolster the fund. Is that not right?

Mr. PAGE: I do not know whether it is within my competence to answer a question of that nature. I do not think we can be expected to answer a technical question of that nature.

Mr. BROWNE (*Vancouver-Kingsway*): The recommendation that the government should increase its contribution is not because of these particular amendments that are before us.

Mr. MARTIN (*Essex East*): Oh yes, it is.

The CHAIRMAN: Just a minute now. I interrupted "Bud" Simpson a while ago when he was directing a question to Mr. Page. He wants to finish his question. Go ahead, "Bud".

M. SIMPSON: I wanted to ask the chamber of commerce that same question.

Mr. BAKER: Would you repeat your question.

Mr. SIMPSON: I mentioned that the seasonal benefits, which are getting quite a lot of discussion here, are not in the amendments. They are part of the act but not in the amendments which are before us. Therefore, I was wondering why it was felt that the government should pay more than their accepted share due to the amendments which are coming in now which do not at all concern seasonal benefits.

Mr. BAKER: Actually we did not make any such recommendation. However, what we did say was that we felt it would be advisable to appoint a royal commission to investigate, among other things, alternative methods of financing, and that, undoubtedly, would be one of these alternatives.

Mr. SMITH (*Winnipeg North*): But you did not specifically state the government should make an increased contribution.

Mr. BAKER: We have not stated that specifically.

Mr. GRAFFTEY: I regret to have to do this, but to get the record straight, in answer to Mr. Martin's statement about the state of the fund—

Mr. MARTIN (*Essex East*): Do not be too hard on Mr. Martin.

Mr. GRAFFTEY: I would like to point out that in paragraph 11 of the document submitted to us by an official of the department last night regarding the per capita value of the fund, it is stated in paragraph 11 that the trend has been steadily downward since the fiscal year 1953-54 in the sense that the amount of the fund at the end of any month subsequent to that year was less than at the end of the corresponding month of the previous year. I regret to have to say that, but if there are going to be political interjections, they must be answered, and that answers the question.

Mr. MARTIN (*Essex East*): You are quite justified; that is a good point, but at that time the fund was not in a perilous state.

Mr. SPENCER: It was on its way.

The CHAIRMAN: Mr. Grafftey, do not take Mr. Martin too seriously at any time.

Mr. SIMPSON: I have one more thing to say in relation to that statement, Mr. Chairman. Mr. Martin has continuously played up the idea that the fund in those years was not in the state it is now and it was not necessary to make decisions of that kind. I maintain if it is morally right for the government to contribute a certain share, regardless of the state of the fund, they should be contributing that share regardless of whether the fund is in good shape or otherwise.

Mr. PETERS: Just as an impartial observer in this political discussion regarding the fund, I think it should be borne in mind that there was a recession also in the 1955-56 period but the difference was—and I think this will be appreciated by both the chamber of commerce and the Canadian Manufacturers' Association—that during that period of recession the government put in extra money without changing the benefits of the fund. This money was contributed. I think it should be pointed out that the former government did have a recession but they did use another method other than contributions by taking care of something that is beyond the realm of the insured workers and the contributions they made.

The CHAIRMAN: That has not been denied.



Mr. BROWNE (*Vancouver-Kingsway*): I might restate my question to Mr. Page. It is my understanding then that you are not making a recommendation that the government should increase its payment to the fund because of these particular amendments before us now.

Mr. PAGE: I think I answered that question when I was asked previously. We have maintained the government should make an equal contribution to that made by the employee and employer. Perhaps we feel there is a greater sense of urgency to reiterate that position now than there has been in past years because of the position of the fund; but basically we have always subscribed to that principle.

Mr. BROWNE (*Vancouver-Kingsway*): You say it may be more urgent now; it is not because of these particular amendments? That is the point I want cleared up.

Mr. SPENCER: I would like to hear the answer to that question because I think it is very pertinent.

Mr. PAGE: I think the answer to that is in part yes, because the proposals which are before the house at the present time do, or will result, if the bill is passed, in additional increases and presumably—or perhaps I should say conceivably—even further depletion of the fund. The actuaries may disagree with me. I do not know specifically what they say, but it is more urgent by reason in part of the proposals which are contained in this bill.

Mr. BROWNE (*Vancouver-Kingsway*): Are you suggesting then, Mr. Page, that these amendments will in effect deplete the fund and, if so, have you any statistical information to support that contention?

Mr. PAGE: Mr. Chairman, I have said that we do not have any information but we are concerned because the general tendency of the bill, as we understand it, is if it does not result in a further deterioration in the position of the fund, it will increase the cost to us and that is a more compelling reason for the government to accept a more equal share of the contributions.

The CHAIRMAN: I think at this time we could have the answers to the questions which have been asked, if you want to avail yourself of the opportunity, because we have the actuaries and officials here who can give you the answers.

Mr. MARTIN (*Essex East*): I was going to suggest that, Mr. Chairman. As a matter of fact, we have evidence now from the director of the unemployment insurance fund as to the state of the fund at the present time. It is \$496 million. The director did point out to us the first night that there would be only a surplus of some \$10 million if there was a comparable drain on the fund in the ensuing fiscal year. That is a matter of evidence now.

Mr. SPENCER: That is without anything being added to the fund.

Mr. MARTIN (*Essex East*): No, that is with the additions. Are you aware, Mr. Page, that the fund now is at the level of \$496 million?

Mr. PAGE: We have read that report.

Mr. MARTIN (*Essex East*): And are you aware of the fact that in 1955 the fund stood at \$846,284,000?

Mr. PAGE: My personal recollection is that it was in the region of \$900 million. It is on the record.

Mr. MARTIN (*Essex East*): Are you aware that in 1956 it was \$859 million?

Mr. PAGE: No; I do not think, Mr. Chairman, I can be expected to recall those statistics.

Mr. MARTIN (*Essex East*): Are you aware that in 1957 it was \$878 million?

Mr. PAGE: No, I am not.

The CHAIRMAN: I make the observation that we should have the officials here who could give this information, instead of you, Mr. Martin. Could we ask these persons to give the information, instead of you doing it, Mr. Martin?

Mr. MARTIN (*Essex East*): This is now evidence which we have before us.

The CHAIRMAN: I would prefer to have the officials give it, rather than you.

Mr. MARTIN (*Essex East*): I know you would prefer it, because quite obviously you are a prejudiced witness.

Mr. PAGE: Mr. Chairman, I hope no one will suggest that I am a prejudiced witness.

Mr. MARTIN (*Essex East*): Mr. Page, I did not call you that.

Mr. PAGE: I quite understand, Mr. Chairman, that I was not called a prejudiced witness. I hope no one will think I am a prejudiced witness. In C.M.A. we represent all shades of political opinion, and if I had a political axe to grind here tonight, I would not be here for long, I assure you. I suggest to you—with due respect—that a question dealing with characteristics of statistics should be dealt with by the person here who is competent to answer that. I am not. I do not know what the fund was on a specific date. I have a general recollection of the area of the fund, but that is all. I would prefer not to have questions of that nature directed at me.

Mr. MARTIN (*Essex East*): I was just using you as a method of putting the question on record.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, I want to ask a question on this point right now. Mr. Martin has read figures of the balance in the fund for three of four years. I have the statement right in front of me now, and I could not find the four figures he mentioned. In fact, they disagree to the extent of about \$5 million each year.

Mr. MARTIN (*Essex East*): All right; my authority is impugned by Mr. Bell. I refer my friend to the document tabled on March 31, 1958, by the Minister of Labour, sessional paper No. 82A, page 3, where these figures are given.

Mr. BELL (*Saint John-Albert*): But if you had been paying close attention you would have heard Mr. McGregor state that some of those were only estimates, and the figures that were placed on here—March 31, 1959, financial and statistical statements—are probably more correct.

Mr. MARTIN (*Essex East*): Challenge the statement made in the House of Commons by the Minister of Labour; do not challenge me.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, may we have Mr. McGregor here?

The CHAIRMAN: Yes, if the committee wishes. It is quite obvious we will have to have somebody.

Mr. PETERS: I do not think we need that now. I think—

The CHAIRMAN: I think, after we have had two sets of figures put in here, we should get the correct figures.

Mr. PETERS: We have had so many figures, and I do not believe most of them anyway. I think we should continue our questioning of these gentlemen, because they have to go very shortly.

The CHAIRMAN: All right. Mr. Martin has gained his point; he has those figures in, because they are the ones he wanted in. Of course, they are on lawyers' figures.

Mr. PETERS: May we go with this brief, because it is quite an extensive brief. On page 4 there is a statement in paragraph 8: "...because by far

the best thing our society can do to help an unemployed person is to provide him with another remunerative job". Is the chamber and the C.M.A. suggesting that this section of the U.I.C. has not been effective, or has not functioned satisfactorily; is that the reason for including this?

Mr. PAGE: Mr. Chairman, that was the furthest thought from our minds. You are suggesting an implied criticism of the national employment service? No, that is the furthest thought from our minds.

Mr. GRAFFTEY: Mr. Chairman, I can say one thing in answer to Mr. Peters' statement—and I am not talking politics at all. In the view of many members until recently, that was one section of the U.I.C. which was not stressed enough. I suggest it is stressed too much.

Mr. PETERS: I was just wondering, because in the C.M.A. brief it says —

The CHAIRMAN: Mr. Baker would like to make some comment.

Mr. BAKER: As a member for several years of the national employment committee—which, as you know, deals with that aspect of the work of the unemployment insurance commission—I should like to say this, that I have been tremendously impressed by the efficiency and the enthusiasm with which the work is carried on by that division of the unemployment insurance commission.

Some Hon. MEMBERS: Hear, hear.

Mr. PAGE: Mr. Chairman, I would like to associate myself, and our group, with those sentiments. Our relationship is somewhat different, but that has been our experience.

Mr. PETERS: I asked it because it appears that the brief indicated that the best thing to do is to provide another remunerative job, rather than unemployment insurance.

Mr. PAGE: We did refer to the "best thing our society can do"—a philosophical dissertation, if you will.

Mr. MARTIN (*Essex East*): It is a philosophy that has disturbed Mr. Grafftey.

The CHAIRMAN: He is enjoying the comedy ball.

Mr. SIMPSON: Getting back to this question of whether the government should increase their contributions, or not, on page 4, section 10 of the brief it is mentioned

Secondly, unemployment insurance is advantageous from the point of view of fiscal economy, since the funds needed for it are not obtained for the most part from taxation but are supplied largely from employers and employees.

I would think that part of that section would bear out the fact that the government share should not be increased.

Mr. PAGE: Mr. Chairman, we have pointed out that the funds are not obtained for the most part by taxation, which is the one of the reasons we feel the government should share equally the burden; and it is not necessary, I am sure, to remind this group it is a government measure.

Mr. PETERS: Mr. Chairman, just along that line, if we do not have any amendment in reference to the unemployment fund, and taking into consideration the fact that the fund probably is roughly 50 per cent depleted, what would your suggestion have been? Would it have been for increased contributions directly from treasury to maintain the same level that would be considered by C.M.A. as a satisfactory level to maintain the fund—\$200 per worker or \$500 per worker? Or how would you have corrected the situation in light of the fact we might have this type of recessionary situation next year with the results we had last year in the fund?



You have opposed the increase in the contributions, but without these amendments it is still going to need some type of financial assistance. How does your organization intend to cope with the fund, and at the same time maintain it on contributions?

MR. PAGE: Mr. Chairman, that is, in part, a hypothetical question—what would we have done had the fund been in a different position?

MR. PETERS: Let me put it this way: the contributions are greater now than the benefits are going to be. We have increased the contributions 30 per cent. The benefits have increased, but probably not beyond 10 or 11 per cent—I suggest five per cent. The fund is down to \$400-odd million from \$900-odd million. Obviously there is going to have to be some adjustment in the fund somewhere.

MR. PAGE: I think, Mr. Peters, the answer to that is unless something happened to change our mind we would maintain the position we have consistently maintained throughout the life of the insurance act; and that is equal contributions to be made by the three parties concerned, the one representing the public interest. But our opinion as to the adequacy of the fund would be based on actuarial opinion and not on the opinions of the C.M.A. We do not express opinions, except when they are given to us by people who are competent to determine them. We recognize we are laymen. If actuarial representations were made, as they have been made in the past in the various reports to parliament, and we felt representations were being made, we would maintain that position of equity of contribution.

MR. PETERS: In other words, your organization would be willing to maintain the fund at a satisfactory level, taking into consideration the fact that interest has been a large factor in the contributions. Your organization would endorse the idea of putting more money in the fund but the money would come from equal contributions, three ways: an equal contribution from the government, on the one hand, and from the employers and employees on the other?

MR. PAGE: I think we have stated our position in respect to that. Our objections at the present time is to the position in which the fund finds itself, as a result of certain amendments to the act—which, in our view, are not consistent with the original concepts of the Unemployment Insurance Act. Certainly, we recognize the fund has to be got in a fluid position. We are not in a position, as I said, to judge when the fund is or is not; but we are completely in support of the principle that an Unemployment Insurance Act must provide for a fund when it is needed.

Our quarrel is with the fact that deviations from those basic principles have been made, which disturb us and have contributed to the present situation.

MR. MACINNIS: Mr. Page, I take it that what you are concerned with is the condition of the fund, and in no way are you concerned with the fact there has been an increased contribution by the employer along with the employee.

MR. PAGE: I do not know, Mr. Chairman, that we can say we are concerned more with one aspect of it than the other.

Of course, we are concerned in business when faced with the provision of the additional costs, and these costs are very substantial. In a competitive market, any increase in cost is a very serious matter; but to say we are more concerned with one aspect than another, I do not think that anyone can answer that yes or no. We are concerned with all aspects which are relevant to the previous question about the state of the fund. That is why we have suggested that a parliamentary body be set up to study all the problems

involved. I mean, not just the fiscal problems, but whether this is insurance as it was initially contemplated it would be, and all the operations that bear upon the fund.

Mr. PETERS: Have you not said in paragraph 10 of the brief this, that the fund should not come out of set taxation, for the most part, because of the advantages they had from the point of view for the fiscal economy of the country as a whole?

Mr. PAGE: No, I do not think we said that. We have made a general statement.

Mr. PETERS: You said it has not been paid for for the most part, from taxation, but supplied largely by employers and employees.

Mr. PAGE: Yes, that is right.

Mr. PETERS: Which would be an indication it was taken out of taxation, increased taxation, and it would produce a situation that did not give an advantageous position—one that you would like—in that section?

Mr. PAGE: Paragraph 10 is a general objective statement of principles, in which part of the reference is to the fact we have said the funds needed are not obtained for the most part from taxation. It has general reference to the principle of contributions by the three parties. It is not a specific reference to the percentages. We covered that later in the brief, and quite specifically, but this is general. If you will read the heading again, part I deals with the basic principles of unemployment insurance, and not with specific administrative details of it.

Mr. SIMPSON: You can initially take into consideration the fact that employers and employees make up pretty well the bulk of the wage-earners or taxpayers in Canada, so that any increase in the amount the government would pay would reflect back pretty well retroactively in relation to the increases as they are now. Have you taken that inference into consideration?

Mr. PAGE: I can assure you, we in business are well aware of the impact of taxation on our operations. Its impact is upon us, of course, individually and collectively; but, basically, we have maintained and continue to maintain as a principle that an Unemployment Insurance Act, such as this, should call for equal contributions from the three parties to the act.

We are well aware, of course, there is an inference that if the basis of the tax is changed, its impact on certain parties varies to some extent; but we are dealing with the principle in this paragraph.

There is nothing devious in this. We are not trying to make political capital out of it.

Mr. BELL (*Saint John-Albert*): Could I put the same question to Mr. Baker, for his opinion, because I think this is quite important. Perhaps I could just give you an idea of what I am thinking about.

Last night we were talking to the Canadian Construction Corporation, and we were asking about the effect on the specific costs on construction work that they were familiar with.

For example, they mentioned in the case of a \$15,000 home just how they felt it would mean to the home owner. I am wondering, just taking it as an example—I suppose you do not have any figures available of a specific nature? They did take a different approach than you people did.

I am wondering if you would comment on the effect you feel that this will have if we do, as you say we should not do. You are suggesting we should wait; but if we feel we have to go ahead with this legislation, would it have a serious effect on costs? Is there any related comment you have to make on it?

Mr. BAKER: I think it is obvious the cost of unemployment insurance for employers—that is the question: it relates to employers and not employees—will average something in the order of 30 per cent.

We have not information available here as to what the total present contributions from all the employers in Canada amounts to. You have that information available. We do know this—and understand that close to 30 per cent of the insured working force in Canada will fall into the two new top classes, with an increase in cost of 50 per cent.

The result is that for a great many industries—particularly those employing skilled and semi-skilled workers—the increase in cost to those employers will be much over and above 30 per cent.

Mr. BELL (*Saint John-Albert*): We have those figures. In other words, you make your main contention from the actuarial standpoint. You do feel certainly in a secondary way, that the extra cost to the employers would be of a serious nature; at least in your consideration.

Mr. McNALLY: Our point is this, if I may answer that: we think this additional cost might not be required if these various areas are deleted from the Act. If there could be an examination of the financing aspects of the act, if certain people who are not now covered—such as federal employees in the civil service, of which there are about 150,000—might be brought into the act to season the act and put some buttressing operation in there—certainly, if these things were done and it were examined, then there might not be this rather sharp increase of 50 per cent cost to employers and to employees.

Mr. BELL (*Saint John-Albert*): If you are going to segregate these people who are entitled to some sort of consideration—whether from a welfare standpoint or otherwise—you are still going to be faced with the burden somewhere along our economic scale. I think it was mentioned by Mr. Page, the example of the longshoremen in Saint John and Halifax. You mentioned the fact they are all in jobs of a seasonal nature, and that would cause extra administrative work.

I do not know whether you people are aware of it or not, but I think the Department of Labour, through their commission, will back me up on this, that there is not any known solution to the problem of dealing with them, because I have met many times with them. I have talked to the government every year I have been here. The problem of that type of seasonal worker, who is entitled to something is still going to be found whether you segregate him from this actuarial fund or whether you stick him right in the middle. I say the costs, as Mr. Simpson suggests, are going to show up in the Canadian economy somewhere.

The CHAIRMAN: Mr. Page would like to answer Mr. Bell.

Mr. PAGE: I was not necessarily answering—but it occurs to me it may be useful to deal in specific terms and give examples rather than speak in generalities. When we speak of the impact of the proposed changes on the economy, if you like—employee and employer—as an indication of that top rate of 94 cents which has been proposed in Bill 43, it will require people who have not previously been engaged in the act, by reason of the \$4,800 ceiling, and who will now come into the act—provided they do not earn more than \$5,460—they will pay contributions of \$4.07 a month. Employer contributions will match that.

In one specific case of one company, of which I have knowledge, I was told that in their particular case, because of their salary rates, the increase in unemployment insurance costs would amount to 63 per cent.



Then, perhaps just one further instance, if I might give it, is that of a textile company which last year earned a net profit of \$5,600. The additional costs which the provisions of Bill 43 will impose on that company next year will amount to \$18,000.

It occurred to me that you might be interested in tying this in to something specific rather than dealing with generalities.

In some cases there are industries who have estimated the increase in cost as something approximating half a million dollars. I speak of one company there; and in one industry it has been estimated that the increase in cost will result in approximately \$2 million additional cost, in their operation.

Mr. BELL (*Saint John-Albert*): But those are isolated examples.

Mr. PAGE: I do not think they are isolated examples, except that one has to select certain examples. It is not an isolated example to say there are many persons who have not previously been under the act.

Mr. MACINNIS: Do you feel this increase in the employees' contribution is in any way giving labour a wedge for further wage demands?

Mr. PAGE: I could only anticipate from what our experience has been in that respect. That is, whenever labour feels there is some additional cost, be it cost of living or other cost, imposed on them, they have never shown any reluctance to approach the employer at the appropriate time and ask that they be compensated for it.

Mr. GRAFFTEY: On the other side of the question—and I address this question to either the Chamber of Commerce of the C.M.A.—do you feel if this legislation as it now stands is passed that in turn it will almost immediately result in the rising of the cost of consumer goods right across the line in the country, by manufacturing and business concerns in general?

Mr. BAKER: I think Mr. Page would agree that this is rather a difficult question to answer. In certain industries of which I am aware it would be impossible to pass along any increased costs in prices to the consumer. It may be there are industries which are in the fortunate position they can recoup themselves. Certainly the tendency would be not to lower consumer prices.

Mr. PETERS: I am wondering if you have examined this instance you quoted in one particular plant of this figure of \$18,000 and whether or not you inquired if this class of employee which is now being insured is the class of employee which is subject to seasonal lay-offs, or lay-offs. Would this not be a very stable class of employee?

Mr. PAGE: I am sorry I cannot answer that question. I might tell you I spent 26 years in the textile industry. I have some knowledge of the problem. I can anticipate on the basis of my experience that this is the type of industry in which one expects lay-offs which are not seasonal perhaps in the sense they are in the fishing and stevedoring industries. I have not, however, been aware of any portion of the textile industry which has not been subject to the normal risk of having to lay off employees because of lack of business.

Mr. SIMPSON: What portion of the textile industry would you say would be in this wage class of employees?

Mr. PAGE: From my experience I would guess the impact of the changes on this particular industry would be less in the area of the increase resulting from additional contributors being placed under the act than from the approximately 30 per cent increase in rates which has been proposed. I doubt there would be many of them who will come into the act in that area.

Mr. BROWNE (*Vancouver-Kingsway*): I was interested in the question as to what might develop in the way of wage negotiations. Would you not consider the contributions under the unemployment insurance fund as a wage cost and

include that in what you are paying the employees in the way of a benefit? Would this not in some respects act as a natural wage increase to the employee to that extent and be taken into consideration in the negotiations?

Mr. PAGE: Mr. Chairman, the hon. member and I have something in common. We had a chat in the corridor before the meeting this morning. I think perhaps he knows that whether or not management regard these matters as cost is relatively insignificant. The problem is to persuade unions they are a cost to the employer and should be taken into consideration in negotiation. I suspect the hon. member knows the answer to that and is probably pulling my leg.

Mr. SPENCER: This question will be directed either to the Chamber of Commerce or the C.M.A. I am trying to reach a conclusion. I think I have come fairly close to one. It is now recognized that more benefits are being paid out than the fund is receiving in contributions. There is no question about that; is there?

Mr. McNALLY: I think it is a question of fact.

Mr. SPENCER: It has been suggested that the government should contribute more to the unemployment insurance fund. Granted—and I think this is pretty elementary—that the only place the government would receive or get money to contribute to the fund would be from the taxpayers of Canada, and it being admitted the case that the funds have to be raised from some source and if contributed by the government would come from the taxpayers of Canada, I would like to know why you feel that the taxpayers of Canada should be called upon to increase their contributions instead of the segments of the people of Canada who themselves are the ones who are covered by the fund and who are entitled to the benefits if they become unemployed?

Looking at it from the standpoint of the employers, they are the ones who cause the payment of the benefits by the laying off of individuals. I would like to know why you say that the tax burden should be placed upon those people who do not benefit and not put it on those who do benefit or who are responsible for the lay-off of individuals.

Mr. BAKER: May I ask to which section of our brief you are referring?

Mr. SPENCER: I am just referring to the portion of the brief which says—

Mr. BAKER: It is not in the Chamber of Commerce brief.

Mr. SPENCER: You do not subscribe to the idea that the government should increase its contributions?

Mr. BAKER: I thought we made that clear.

Mr. PAGE: I hesitate to ask the hon. member to repeat the question. It is rather a long question. I thought you were addressing the question to Mr. Baker. As I understand it, the question is a philosophical one as to the difference in the concept of applying an additional tax on the people who presumably will benefit directly from the proposed changes in the act as against a general levy on the whole of our society. Is that essentially correct?

Mr. SPENCER: Yes. Why should it be levied upon the general society and not upon employers and employees.

Mr. PAGE: Earlier in the session I attempted to answer a similar query on the basis that we regard the Unemployment Insurance Act as a child of government and because it is imposed on both parties—I should not say without consultation—the principle of equity of contributions in the fund is something we could argue interminably. As to the question of why a proportion of our society should not pay it, whether they pay into it or not, I am not sure I can answer that question except to say we are convinced there is equity in the principle of argument that there should be equal contributions by the three parties to the benefits of the act.

Mr. SPENCER: Should the three parties then contribute towards the cost of administration under the act?

Mr. PAGE: I think that is a matter for government decision.

Mr. SPENCER: If there is logic in your contention that they should contribute equally to the fund, is it not also logical that they should contribute equally to the cost of administration of the act?

Mr. PAGE: I must confess I have not given the question any consideration.

Mr. MARTIN (*Essex East*): I think Mr. Spencer's question is a fair one. Would you not like to amplify your answer to his question? I think it is a very relevant one. In your brief you state it is unfair to impose on two groups in the country the responsibility of providing for the maintenance of people who do not contribute continuously to the fund and that a relief measure of this sort ought to be borne by others than the workers and employers.

Mr. PAGE: Basically I think that is what we have said. I think there is some support for that in the Gregory royal commission report in Great Britain in which recommendation was made that the fund be re-established on a sound basis by contributions from the consolidated revenue fund, or the counterpart to that.

Mr. MARTIN (*Essex East*): For that reason I take it you recommend that whatever assistance be given to such individuals should be given out of an act or instrument something like the public assistance act?

Mr. PAGE: That is correct.

The CHAIRMAN: I think part of Mr. Spencer's question was that he thought there was a responsibility on the part of those people who laid off the employees.

Mr. SPENCER: Yes. I think they are equally responsible. I do not think we should have a labour market that is available to employers at their beck and call and when they cease to have a use for these employees can then lay them off and saddle them upon the public at large.

Mr. PAGE: That is another matter for a body such as we have suggested. An impartial body could well take that under advisement.

Mr. GRAFFTEY: In their research in relation to this whole question, did either of these associations at any time follow up statistics which possibly might have pointed to the fact that the part the government contributes to the fund actually might cover that amount of the benefits under the unemployment insurance scheme to which you made reference as being welfare benefits.

Mr. PAGE: Our group has not done so, Mr. Chairman.

Mr. MARTIN (*Essex East*): I am pretty sure what you reply will be to my question; and if it is what I think it will be, I shall find some occasion for argument. Do you not think that if there is to be a further 30 per cent, roughly, imposed on the workers, there ought to be a corresponding increase in the rate of benefits.

Mr. PAGE: We have not, in our group, considered that question at all.

Mr. MARTIN (*Essex East*): What was that?

Mr. PAGE: We have not considered that question at all in our group.

Mr. MARTIN (*Essex East*): The reason I asked you that question is that the C.L.C. is to appear before us tomorrow and I understand from information in the press that they will make such a recommendation. So it occurred to me that while we have you gentlemen representing those who are at the other end, you might express a view.

Mr. SPENCER: If that happened it would not improve the condition of the fund.



Mr. MARTIN (*Essex East*): Of course not, but if you are going to impose further contributions, I can see a very strong argument to increase the corresponding benefits.

Mr. PAGE: Again, we have not considered that specific question. We do not know, of course, because they have not consulted us, what representations the Canadian Labour Congress will make tomorrow.

Mr. BAKER: In reference to Mr. Martin's question regarding benefits, we did make some calculations which would indicate that the present benefits, with provision for increase in allowable earnings—the total income or remuneration during the period of unemployment will be as high as 84 per cent of earnings, tax free.

Mr. MARTIN (*Essex East*): For a certain segment, of course. There would be no increase in the average rate of benefit for those now covered by the Unemployment Insurance Act.

Mr. BAKER: No sir.

Mr. MARTIN (*Essex East*): All the insured workers will not receive any increase in their rate of benefit. Have you given consideration to that fact?

Mr. BAKER: We are aware of it.

Mr. SPENCER: You are only speaking of monetary benefits. They could receive these same monetary benefits but for a longer period of time.

Mr. MARTIN (*Essex East*): I am talking about the rate of benefit.

Mr. SPENCER: If the rate is continued for a longer period of time, there would be greater benefit.

Mr. MARTIN (*Essex East*): I was speaking of those now insured. There is no increase in the rate of benefit provided for them in these amendments.

Mr. GRAFFTEY: In reference to Mr. Martin's statement a moment ago when he said that the C.L.C. would be here tomorrow, and that they were at the other end of the line, from my point of view we are hearing from the Canadian Manufacturers' Association today and from the Canadian Chamber of Commerce, while tomorrow we will be hearing the C.L.C. I do not think that any of these organizations are at the end of any line. After listening to their presentations, statesmanlike documents, they have shown that they have not come here to grind for one particular narrow cause. I think we can expect the same about the C.L.C.

Mr. MARTIN (*Essex East*): The correction which you make is fully accepted.

The CHAIRMAN: How gracious of you.

Mr. MARTIN (*Essex East*): On division.

The CHAIRMAN: We are getting near the time to go into the house. I think we have had sufficient questioning of the organizations.

Mr. MACINNIS: I do not know what the intention is as far as these gentlemen are concerned, but possibly there may be something in these briefs which they would like to emphasize more clearly. The fact has been brought out that during the question period we were jumping around from one section to another. Possibly either of these gentlemen might want to emphasize some particular portion of their briefs.

The CHAIRMAN: Probably it would be fair enough to ask Mr. Page to summarize and then Mr. Baker to summarize. Is that agreeable?

Agreed.

All right, Mr. Page.

Mr. PAGE: Mr. Chairman and gentlemen: I would like to repeat what was said this morning when we introduced our brief, that we appreciate your

courtesy in taking the time to hear us as patiently as you have done, and in making use of your personal time which you obviously have done in order to permit us to take our recommendations to you.

We would like to make it very clear that we are not opposed in principle; we are not opposed in practice to the objectives which were initially set out in the Unemployment Insurance Act.

We are not opposed to social measures to assist people who are in trouble. We do, however, feel that there are certain actions which should be taken with respect to the act. They are in essence the recommendations which we have made to you in our brief. We recognize that some action must be taken with respect to the position of the fund.

I think I have expressed the opinion that possibly the course of remedy lies in perhaps a grant being made from the consolidated revenue fund. We have stated unequivocally that we support certain proposals or suggestions by the advisory committee of the unemployment insurance commission.

We are not opposing the proposed extension of the ceiling. We support in each instance the addition of the two new classes, and we hope, gentlemen, that you will consider our representations seriously, and that you will receive the suggestions we have made with respect to the appointment of an independent body which will study the Unemployment Insurance Act in all its aspects.

I thank you.

Mr. BAKER: Mr. Chairman and gentlemen: I can only repeat what Mr. Page has said. We very much appreciate the courteous reception which we have received today, and I would like to reiterate what Mr. Bradshaw said at the beginning, that we are not in any way opposed to the principle of unemployment insurance.

From our analysis of the whole situation we do feel, however, that during the eighteen years that the Unemployment Insurance Act has been in force, there has been a great deal of emasculation of the original insurance principles, particularly during the last half of that period of time.

In 1950 we made very strenuous opposition to the proposals to introduce what were called supplementary unemployment insurance benefits. We are still opposed to these seasonal benefits (a) and (b), and we are opposed to the other drains on the insurance fund.

We fail to see how any actuary can, under the circumstances we cited, with any accuracy whatsoever, anticipate over any period of time what the drains are going to be in the future, or what contributions are required in order to keep the fund solvent.

We have refrained specifically from recommending any particular sources of financing because we feel the whole subject should be carefully and exhaustively studied by a competent, independent body, before any changes other than those which we except in our brief, are enacted into the law. I thank you very much.

The CHAIRMAN: Thank you. I certainly can say on behalf of the committee that we appreciate having you here, and we did put on a little extra entertainment for you at the start so that when you go home you can say that your diet was a little different from anything you have previously had.

Before the committee breaks up, gentlemen, I want to be away, because unfortunately I have to go to Toronto for a funeral tomorrow. May I have the approval of the committee for Mr. Bell to act as your chairman?

Agreed.

The committee adjourned.





HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament  
1959

STANDING COMMITTEE

ON

# INDUSTRIAL RELATIONS

*Chairman:* R. H. SMALL, Esq.

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

BILL No. C-43

An Act to amend the Unemployment Insurance Act.

FRIDAY, MAY 22, 1959

WITNESSES:

*From The Canadian Labour Congress:*

Messrs. Claude Jodoin, President; and A. Andras, Director of Legislation.

THE QUEEN'S PRINTER AND CONTROLLER OF STATIONERY  
OTTAWA, 1959

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ON

INDUSTRIAL RELATIONS

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Peters,  
Pigeon,  
Simpson,  
Skoreyko,  
Small,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher,  
Weichel—35.

M. Slack,

*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

FRIDAY, May 22, 1959.

(6)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. In the absence of the Chairman, Mr. Bell (*Saint John-Albert*) presided.

*Members present:* Messrs. Bell, Browne (*Vancouver-Kingsway*), Caron, Grafftey, Granger, Lahaye, MacInnis, MacLean (*Winnipeg-North Centre*), Mandziuk, Martin (*Essex East*), Noble, Pigeon, Simpson, Smith (*Winnipeg North*), and Stanton. (15)

*In attendance:* From the Canadian Labour Congress: Messrs. Claude Jodoin, President; A. Andras, Director of Legislation; and Russell Bell, Assistant Director of Research.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; James McGregor, Director; and C. Dubuc, Director, Legal Branch.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, an Act to amend the Unemployment Insurance Act.

The Chairman introduced the delegation from The Canadian Labour Congress and then called on Mr. Jodoin.

Copies of a submission prepared by The Canadian Labour Congress were distributed to the members of the Committee.

Mr. Jodoin read the brief of The Canadian Labour Congress, and was questioned together with Mr. Andras.

*Agreed,*—That questioning of the representatives of The Canadian Labour Congress would be continued at a subsequent meeting.

At 11.00 a.m., the Committee adjourned until 11.00 a.m. Tuesday, May 26.

M. Slack,

*Clerk of the Committee.*





## EVIDENCE

FRIDAY, May 22, 1959.  
9.30 a.m.

The ACTING CHAIRMAN (*Mr. Bell, Saint John-Albert*): Gentlemen, I think we have a quorum now. For the record might I say that I understand my position to be that of acting chairman. The chairman and the vice chairman are both absent today. Last night there was some agreement that I should be acting chairman for today only.

Mr. PIGEON: I am very glad to see you as acting chairman, Mr. Bell.

Mr. MARTIN (*Essex East*): I regret that Mr. Small is not here, but I am very happy that you are here as the presiding officer at this particular moment, Mr. Bell.

The ACTING CHAIRMAN: Thank you very much.

We have representatives this morning from the Canadian Labour Congress who will appear before our committee regarding bill C-43.

On my immediate right is the president, Mr. Claude Jodoin, who will be presenting the brief. We also have Mr. A. Andras, director of legislation who is next on my right, and also Mr. Russell Bell, assistant director of research.

We have to move along, because the house sits at 11 o'clock, so I will ask Mr. Jodoin to begin right away with the presentation of the brief of the Canadian Labour Congress.

Mr. CLAUDE JODOIN (*President, Canadian Labour Congress*): Mr. Chairman and members of the committee: I would like first of all to express the appreciation of the Canadian Labour Congress for having the opportunity to appear before the standing committee on industrial relations of the House of Commons.

(Mr. Jodoin continued in French).

Mr. PIGEON: Mr. Chairman, might I ask if we are going to be supplied with a French translation of the brief which is to be presented this morning?

Mr. JODOIN: That will be provided, sir.

The ACTING CHAIRMAN: May I say that I take it that the remarks in French were purely of an introductory nature.

Mr. JODOIN: Yes, Mr. Chairman. I was just going to say that to you. I assure you that if there were anything to the detriment of anybody here, it would have been translated to give you a chance for rebuttal. I just addressed the French-speaking members of the committee to ask for the privilege of speaking in English, and to say that French copies of the brief would be provided if necessary to the members of the House of Commons, if it is their wish.

The ACTING CHAIRMAN: We do not actually, at the present time, have a French-speaking reporter, but it is certainly in order, and we appreciate that at the beginning.

Mr. JODOIN: Having made that introduction, and reiterating our appreciation, sir, I would like now to proceed with the document itself.

You will notice that I am accompanied by what I call the experts who are sitting here in the persons of Mr. Andras and Mr. Bell. This is a document of the Canadian Labour Congress and I adhere to it of course, but I am not necessarily the sole author. I can assure you of that.

Mr. MARTIN (*Essex East*): I think Mr. Andras was a member of the advisory committee who, along with two other labour members, resigned from that committee.

Mr. JODOIN: That was Mr. Andras, yes sir.

The Canadian Labour Congress appears before you today on behalf of more than one million Canadian wage and salary earners. It is the largest central trade union body in Canada and its representative character as spokesman for Canadian labour has been recognized by this and previous governments. The congress views expressed here are based on a very great concern for the effectiveness of the Unemployment Insurance Act as a means of protecting insured workers and on a long and intimate working knowledge of this important piece of social security legislation. The tripartite nature of this act has given this and predecessor congresses an important role in shaping this legislation and the congress expresses the hope that its views will be given proper weight by your committee, by the government and by parliament before a decision is reached as to what form bill C-43 should take in its final enactment.

The congress would like to state clearly and unequivocally its view that no amendment to the Unemployment Insurance Act, however great its intrinsic value, can satisfactorily substitute for a policy of full employment. This congress has gone on record time and again on the problem of unemployment and on the means which should be pursued to solve it. We do not consider it necessary to repeat our proposals here. We wish simply to emphasize the fact that this or any similar Unemployment Insurance Act is designed essentially to take care of types of unemployment other than the cyclical, that is, to look after frictional, technological and other forms of unemployment which are to be expected in a highly developed industrial society such as ours but not to cope with a depression. This act can at best be part of a larger program for coping with unemployment.

The light is not good here.

Mr. MARTIN (*Essex East*): No. The light has been bad several times during our sittings.

Mr. JODOIN: I do not wish to make any comment about that, Mr. Chairman.

It is far-fetched to expect it to shore up a sagging economy. We wish to make this preliminary statement in order to make it clear beyond any doubt that in our opinion more than amendments to the Unemployment Insurance Act are needed before a satisfactory solution is found to the high degree of unemployment which has afflicted our country for the last few years and which we regard with considerable apprehension as likely to continue into the foreseeable future.

Bill C-43 is the latest in a series of amendments to the act enacted in 1940 and taking effect on July 1, 1941. Some of these amendments have been very far-reaching and the amendments of 1955 appeared virtually to have re-written the entire act. The fact remains, however, that additional amendments have been found necessary since 1955 and these seem to point to the need for a much more thoroughgoing review of this act than has yet taken place. It is quite evident that the relatively frequent amendments to date have done little more than provide temporary and at times questionable remedies for an existing situation. With much deference, we submit that bill C-43 falls short of giving the Unemployment Insurance Act the stability and integrity which so important a piece of social security legislation requires. We will go so far as to say that the proposed amendments not only retain an unsatisfactory ratio between wages and benefits but impose an unjustifiable burden on the insured population, one which should be more equitably distributed.



Turning specifically to bill C-43, we propose to deal specifically with sections 3, 6, 12, 13 and 15; beyond these, with other sections to the extent that the congress believes they are of a substantive nature. In addition, the congress proposes to make some general observations above and beyond the proposed amendments contained in the bill.

Section 3 of the bill would extend coverage to salaried workers whose earnings exceed \$4800 but not \$5460 a year. This is a necessary if belated step to extend coverage to groups which stand in need of it. We believe that earnings of salaried employees should be reviewed regularly and the ceiling adjusted as often as appears necessary so that this class of employees should not be unduly deprived of the protection of the act. It might be appropriate in lieu of this amendment to give the Unemployment Insurance Commission regulatory powers to change the salary ceiling from time to time as it deems necessary, under such conditions as parliament might indicate. The commission is sufficiently experienced, informed and responsible to be entrusted with this power.

The congress wishes to go beyond the extension of coverage contained in section 3 of the question of coverage as a generality. At the present time, the act covers about 84 per cent of all wage and salary earners; about three-quarters of a million are still non-insured (Unemployment Insurance Commission seventeenth annual report for fiscal year ending March 31, 1958). The congress believes that coverage can and should be extended to other groups as well. It has in mind particularly the employees of non-profit making hospitals and charitable institutions. These constitute a very substantial number of the non-insured population. Their exclusion is not due to any administrative difficulties. The Unemployment Insurance Commission has been prepared for some time to have coverage extended to them. The decision to continue their exclusion is essentially a political one and we think it should be changed forthwith. Failure to do so is an injustice to these employees and a reflection on hospitals as employers. There are other groups for whom coverage should be considered and we believe the Unemployment Insurance Commission should be required to review the situation particularly where administrative problems have been the reason for non-insurability. There are those, however, for whose coverage administrative problems are not an issue and we think these should be reviewed as well on the basis of the important principle of "pooling the risk" and in recognition of the fact that even the most ostensibly secure employees face a certain risk of unemployment. In view of the very limited extent to which coverage has been added during the last few years, this should be, we submit, a matter for very serious consideration.

Section 6 of the bill proposes a substantial increase in the weekly contribution rate and at the same time converts the present insurance class of \$57.00 and over into three new classes, namely, \$57.00 and under \$63.00, \$63.00 and under \$69.00, \$69.00 and over. Comparing the present contribution rates with those proposed, we find that the first nine insurance classes are being required to increase their weekly contribution rate from, in round figures, 25 per cent to 28 per cent. In the case of the \$57.00 and over class, those now included in it will face, depending on their earnings, increases of 30, 43 or 57 per cent. These are all very substantial increases in the contribution rates, more particularly when it is realized that there is almost no change in the pattern of benefits. Speaking in the House of Commons on May 5th (Hansard, page 3361) the Minister of Labour explained that the reason for the increases in contributions was "to maintain the fund in a situation of stability over the next few years." The Minister went on to say: "During the past two years of recession which we have experienced there has been a pretty heavy drain on this fund. In my opinion it is not anticipated that such a drain will occur again next year. Nevertheless I feel it is good business to place the fund on a sound actuarial basis. It is also my opinion that the government's responsibility is such that

it should see that the fund will be able to meet whatever eventualities may arise. . . It is not the government's intention to adopt an inflexible attitude in this regard. I hope the situation will be reviewed from time to time in the light of the requirements of the fund, and should it be possible, as an example, a year from now to look at the situation and find it possible to reduce the rates, then most certainly that action would be taken." We do not take the minister's statement to be an expression of optimism. It seems to us to point to an assumption of continuing high unemployment since if high employment such as we knew in the immediate post war-years were to be resumed the fund would presumably replenish itself without the need for such a marked increase in the contribution rate or any increase at all. The purpose of an unemployment insurance fund is that it should be spent in bad years and replenished in good but if the years are to be consistently bad, then even these increases in contributions are not likely to be adequate. This brings us back to the position stated above that a strong policy of maintaining full employment is an indispensable prerequisite not only to a healthy economy but to an effective Unemployment Insurance Act. In any event, however, we feel that the unemployment insurance fund has been taxed for expenditures which should have been drawn from other sources. We refer specifically to what are known as seasonal benefits and previously as supplementary benefits. These were first introduced in 1950 and have since been expanded both as to the rate of benefit and duration. As at February 28, 1959, a total of over \$271,000,000 had been expended on supplementary and seasonal benefits and by now this figure will obviously have been substantially increased. We believe that these payments should never have come out of the unemployment insurance fund but out of consolidated revenue since they represent a payment over and above the normal unemployment insurance benefits for which the act was designed. Seasonal benefits are a reflection of a special and serious condition of unemployment and should be a charge on the national purse and not on the insured population alone. If supplementary and seasonal benefits had in fact been paid out of consolidated revenue, the balance in the fund at February 28, 1959 would have been over \$818,000,000 instead of \$547,000,000 and the present concern about the state of the fund need never have arisen. The injustice of requiring the insured population to pay for supplementary (now seasonal) benefits was well stated in 1950 by a leading member of the Conservative Party, the late Mr. Gordon Graydon, who in the debate on the then amendments to the Unemployment Insurance Act stated "... it seems to me we have reached the limit of absurdity when we ask the workers of this country to put up more money to solve the unemployment situation. That is the government's job, not the workers'" (Hansard, February 24, 1950, page 214). The question may also be raised as to why the government has chosen this particular method for replenishing the fund, that is, why it has chosen to do so by imposing an additional burden on the insured population alone. The present ratio of contributions of employers, employees and government is 50:50:20 respectively. The unemployment insurance advisory committee has recommended that this ratio be changed to 50:50:50, in other words, that the government contribution be made to equal one-half of the combined contributions from employers and employees. The result would be a 25 per cent increase in contributions to the fund. We believe the government should have given consideration to this proposal and that it is still not too late to do so.

Section 12 of the bill would amend present section 47 of the act. The proposed amendment includes a new schedule of rates of benefit. The new schedule is different from the present one only in respect of the class which is now the \$57 and over class and which would become three classes as described above. For the new class \$57 and under \$63, the benefit rate remains at \$23



and \$30 respectively for a claimant without a dependent and one with a dependent; for the new class of \$63 and under \$69, \$25 and \$33 respectively; and for the new class \$69 and over, \$27 and \$36 respectively. We have thus for this large and growing section of the insured workers, in terms of benefit rates, no change in rate for those who were at the lower end of the earnings class, \$2 and \$3 increase for those at the top of the earnings class. For most of the insurance classes, therefore, there is no change in benefit rate in the face of substantial increases in the contribution rates. For the present top insurance class there are relatively small increases in the benefit rates in the face of very substantial increases in the contribution rates. This is in itself unjust and in the preceding paragraph we have already indicated how the burden of the cost of unemployment insurance could be more equitably distributed.

There is, however, another and important principle involved which we think needs to be re-examined, namely, the ratio of benefits to earnings. In March of this year the average weekly benefit was \$21.58, in February \$21.56 and in January \$21.38 (DBS statistical report on the operation of the Unemployment Insurance Act). These figures indicate that there is a clumping of insured workers around the top insurance classes. It is in any event well established that insured workers have been moving from lower to higher insurance classes as wage rates and earnings have risen. This makes it necessary to compare the ratio of benefit to earnings in the top insurance classes more than in the lower ones for a review of the relationship between earnings and benefit. Taking the mid-points of the weekly earnings ranges of the top five classes and using a claimant with a dependent for purposes of such comparison, we find ratios of 54 per cent, 52 per cent, 50 per cent, 50 per cent, and 52 per cent or less depending on earnings (the top insurance class is an open end class in so far as earnings are concerned). It will be seen that in all of these classes the ratio is at or about 50 per cent; for the top insurance class the proportion drops steadily as earnings rise. It has been the policy of parliament generally to make the ratio of benefit to earnings rather higher for the insured workers in the lower earnings classes and rather lower for those in the higher earnings classes. With the principle itself we do not quarrel. Where we differ and have differed with parliament over the years is as to the adequacy of about 50 per cent or slightly more for the insured workers in the top insurance classes. We submit that a drop of 50 per cent or thereabout for earnings to benefit is too sharp a drop, becomes steadily more serious as unemployment is prolonged and is in absolute terms inadequate to cover the non-deferable expenses of the average wage-earner.

Gentlemen, if I might digress for a moment, I might tell you that I do not know whether it is the warm reception of your committee or the heat itself, but I certainly find a warm reception here.

Mr. MARTIN (*Essex East*): It is very cold compared to earlier sessions.

Mr. JODOIN: Mr. Chairman, through you I might say that the hon. member for Essex East is trying to bring constructive criticism which, according to the news I have received in connection with other sessions, might not have been likewise.

Unemployment insurance benefits are, of course, paid as of right and not on the basis of need as is the case with unemployment assistance. On the other hand, the question of adequacy cannot be ignored since the function of unemployment insurance is essentially to replace some of the income resulting from the loss of employment. The relatively low ratio of benefit to earnings is based on the presumption that a moral hazard may accompany a higher ratio. This has become part of the folklore of social insurance and social assistance. We are prepared to concede that for some people a somewhat higher ratio might result in an unwillingness to take employment at a wage higher than the benefit



rate. We doubt, however, whether this can be stated as a generality about the more than 4,000,000 Canadian wage and salary-earners who are covered by the Unemployment Insurance Act. It is noteworthy that private insurance carriers will sign contracts for payments of up to 60 per cent of earnings in weekly sickness and accident benefits. Workmen's compensation payments in the various provinces have over the last few years risen to a high of 75 per cent. It is worth noting also that some employers, by agreement with the unions of their employees, have undertaken to supplement the workmen's compensation benefit by the difference between that benefit and 100 per cent of previous earnings. Still other employers provide for sick leave at full earnings. These figures would seem to indicate that something better than 50 per cent can be paid to a claimant without a moral hazard resulting. The congress believes and respectfully suggests to you that the ratio of benefit to earnings should be set at not less than two-thirds of former earnings; more precisely that some such ratio be established for each insurance class, possibly using the mid-point of each range of earning which is a not uncommon procedure. Since there is only a \$6 spread within each class range except the top class, the difference in ratio between the bottom and top of any class would not be too great. This, however, is a technical matter with which the unemployment insurance commission is thoroughly competent to deal; we wish merely to state what we consider to be a desirable ratio as a generality.

Section 13 would have the effect of amending Section 48 (1) (a) and would extend the maximum period of benefit from 36 to 52 weeks. The congress would be less than honest if it failed to express satisfaction with this particular amendment. It is consistent with what this congress has been asking since the Act was amended in 1955. It must be stated, however, that this improvement in duration of benefit, while it is desirable, will not and ideally should not be of value to any considerable number of unemployed workers. Experience in the past has shown that only a relatively small number of claimants used up benefits beyond the 36th week. Naturally, should unemployment be both heavy and of long duration, this 16-week extension will prove very worthwhile. It is our earnest hope that the full use of this extended benefit period will not prove necessary and we look to the government to take the necessary steps to realize this hope. We wish to state also that this one improvement in the degree of protection afforded by the act is not sufficient in itself to overshadow the very heavy burdens which have been imposed on the insured population through the increase in the contribution rates.

We do not wish to be appearing to depreciate the value of section 15 which would amend section 56 of the act and thereby create a new schedule of allowable earnings and in this regard favour the claimant with a dependent over the claimant without one. We admit, with one reservation which we set out below, that the schedule in the amendment is an improvement over the original one. We concede also that the new schedule, accompanied as it is by the proposed amendment to subsection 2 of section 47 whereby a new subsection (2a) is introduced, under Section 12 of this bill, mitigates the effect of the current act for those claimants who are able to obtain short periods of employment while on claim. Hitherto, the effect of these short periods of employment, despite the seeming advantage offered by allowable earnings, has meant that such claimants have found, on filing a subsequent claim, they have dropped markedly from a higher to a lower benefit class. The new subsection will overcome that since the drop cannot be more than one benefit class. This is all to the good. But here, as in the case of the extension of the benefit period, the value of the allowable earnings schedule even as increased, has a value that is more apparent than real. There is, of course, the question first of all of availability of short periods of work during periods of extensive unemployment. By short

periods of work, we mean one or two days of work in a week every week or less frequently. Unfortunately there does not appear to be any data on this although it could be obtained, we believe, from unemployment insurance commission records. Some idea of the extent to which partial weeks instead of complete weeks of benefits are paid may be obtained from the monthly report on the Unemployment Insurance Act published by the dominion bureau of statistics. During the month of March, 1959, for example, there were 3,052,734 weeks of benefit payments made. Of these 2,900,420 were complete weeks and 152,314 were partial weeks; of the latter 100,450 are described as "due to excess earnings"—"excess earnings" is defined as "earnings during a week in excess of the allowable earnings for a claimant's weekly rate." The proportion of partial weeks due to excess earnings is a very small proportion of the total number of weeks of benefits payments, 3.3 per cent approximately. We believe some additional research as to the practical effects of the allowable earnings provision might be worthwhile. We wish to draw attention, finally, to what we referred to as a reservation on this section of the bill. We refer to the fact that the claimant without a dependent whose weekly benefit is \$23 now is able to earn allowable earnings up to \$13 a week but under the proposed amendments only \$12. While we appreciate the fact that an effort has been made to keep allowable earnings at or close to 50 per cent of the benefit rate and that \$13 comes to slightly more than 56 per cent of \$23, the fact remains that \$13 has been in effect since 1955 and to reduce it to \$12 is to discriminate against this one particular class of claimant. We do not think a great deal of risk is involved in retaining the figure of \$13 and think it should be retained. It would require an increase in allowable earnings for those claimants whose benefits are \$25 and \$27 but here, too, we do not think the adjustment would be excessive or likely to affect the fund adversely.

On balance, we do not think the establishment of new insurance and benefit classes, the extension of the benefit period, the protection against a drop of more than one benefit class and the change in schedule of allowable earnings outweigh the very substantial increases in the contribution rates. We think that the fund, to the extent that it needs replenishing through means other than a return to full employment, should be replenished in other ways and from other sources.

Reading the other amendments to the act we find that the amendment proposed in section 1 is in effect an admission of lack of jurisdiction. By virtue of this amendment the regulation of employment agencies is removed from the powers of the commission. We are naturally concerned about the implications of this move since it appears to leave the way open for fee-charging employment agencies to exploit unemployed workers as indeed they have been and are still doing. So far as the other amendments are concerned they seem to be for the most part clarifications of language with a view to greater consistency, and additions which will be of benefit to certain categories of people who may from time to time fall out of the act and seek to return to its coverage. We would draw your attention, however, to section 17 which would amend section 65. We refer specifically to the words "in his opinion" which are both in the present provision and in the proposed one. We believe that the reference to this phrase which gives the insurance officer considerable powers weakens the right of a claimant to appeal against a decision and consequently gives the latter that much less protection in defending himself against a misjudgment on the part of an insurance officer. A claimant is entitled, we submit, to his day in court within the appeals procedure of the act and his ability to plead his case is prejudiced by the fact that it is sufficient for the insurance officer "in his opinion" to establish that something has been done or has not been done. We suggest therefore that the words "in his opinion" be deleted.



The congress believes that there are other amendments which should be made to the act. We have already referred to the need for much greater coverage than now exists, more particularly to the justification of immediate inclusion of hospital employees. Other amendments that we recommend to you for your consideration are:

- (1) the elimination of the waiting period;
- (2) the elimination of the anomalies in regard to benefit during illness whereby the benefit would be available if and as soon as employment was lost due to illness;
- (3) modification of the disqualification resulting from unemployment due to a stoppage of work whereby such disqualification would not result if the stoppage is a lockout imposed by the employer, or if the unemployment is due to a refusal to cross a picket line, or if the strike is a result of the failure of an employer to observe a statute affecting conditions of employment, to conform to a collective agreement or to implement an arbitration award;
- (4) prohibition of referrals to struck plants;
- (5) restoration of dependency status for dependents residing outside Canada or the United States;
- (6) reduction of the maximum period of disqualification from six to two weeks;
- (7) deletion of section 67 (1)(c)(iv) from the act under which married women's regulations may still be introduced.

Strong doubts have been raised about the inclusion of fishermen's benefits under this act. Their inclusion is not only costly but seemingly anomalous since fishermen do not ordinarily work under a contract of service. There are, apart from this objection, administrative problems. The congress does not for a moment suggest that fishermen should be deprived of some measure of social security to protect them against the economic hazards of their occupation. Under our legislation workers are protected under laws like this act; farmers are protected by legislation suited to their needs. Industry, too, enjoys its own forms of protection. We do not think that fishermen should be treated any worse than any other group. We would suggest, however, that consideration might be given to placing fishermen under a social insurance scheme of their own which could be adapted, administratively and otherwise, to their particular occupation, their needs and their problems. If fishermen remain under the Unemployment Insurance Act, we believe that the cost of providing them with benefits should come out of consolidated revenue and we urge that this be done.

Serious consideration should be given to a change in the formula for entitlement to benefit under section 45 of the act, more particularly section 45 (2). This is the section which requires evidence of recency of attachment to the labour market. We have no quarrel with the principle of recency of attachment and agree that the benefits of the act should be available only to those who have a genuine attachment to the labour market. We wish to point out, however, that in periods of high and prolonged unemployment such as we have had during the last few years, any formula for entitlement which is unduly onerous has the effect of denying benefit to those whose attachment to the labour market is genuine. Section 45 (2) is an onerous provision. It is more difficult to comply with than other formulas which have been in this act on previous occasions. We earnestly suggest to your committee that you review this particular problem and bring in a recommendation for a modification of the present provision which would reduce the element of recency to a greater extent than is now the case. We would simply ask you to keep in mind that under an unemployment situation in which the unemployed worker goes for long periods of time without any opportunities of obtaining insurable employment, it becomes increasingly



difficult for him to show recent contributions in his unemployment insurance book. The present formula for entitlement is as follows: for a first claim, 30 weekly contributions in the preceding 104 weeks with eight of them in the preceding 52 weeks; for a subsequent claim, 30 weekly contributions in the last 104 weeks, with eight of them in the last 52 weeks or since the commencement of the previous benefit period whichever is the shorter and 24 of them in the last 52 weeks or since the commencement of the last benefit period whichever is the longer. It is clear that this formula adversely affects the worker out of work for a long time and it is well to bear in mind that this formula is bound to create difficulties for the older worker who, once he is out of work, finds it more difficult to get a new job than the younger one.

As this committee is aware, seasonal benefits ended on May 15th. This has meant that many claimants who were on benefit are now no longer so. This represents a very real problem to those workers who have continued to be unemployed and have no further entitlement to benefit for the time being and is a matter of grave consequences in many parts of the country. While we have expressed concern over the payment of season benefit out of the unemployment insurance fund, we have not objected to seasonal benefits as such nor to their administration through the machinery of the act. It may be that you will point to the Unemployment Assistance Act as an alternative source of unemployment relief. We cannot deny its existence but we do question its value under existing circumstances where the provinces (and the municipalities) must bear a heavy part of the cost. We believe that unemployment assistance for employable unemployed is fundamentally a matter of exclusive federal concern, not necessarily in constitutional but in terms of the economic facts of life. We would therefore urge upon you and the government the effective coupling of unemployment insurance and unemployment assistance, with the latter conceivably administered through the offices of the Unemployment Insurance Commission but with payments coming exclusively from federal revenues. We repeat that this is a matter of urgency. We hope your committee will make a strong recommendation along the lines we have suggested.

The Canadian Labour Congress has submitted this brief in the belief that the Unemployment Insurance Act is the most important piece of social security legislation affecting workers as such. It is a piece of legislation which affects workers throughout their working lives. It is fundamental to any system of social security in an industrial society. We believe, therefore, that this act requires the most scrupulous and detailed review at all times, by government—and we mean the federal government—by employers and by labour. We appreciate the fact that the Unemployment Insurance Commission keeps the act under constant review through its administrative and other procedures. We believe that both employers and labour are not given as much opportunity as they might have to participate in reviewing the act and keeping the government informed of their views.

I hope the employers' association will not be surprised by that statement. We believe they also have a right to live.

The unemployment insurance advisory committee is convened too infrequently to be able to give the government and the commission the views of business and labour on an adequate basis. If the tripartite nature of this legislation is to be really effective, there must be not only the appearance of tripartite participation but the substance as well. This is, we believe, the tenth time that this act is being subjected to amendment. This points up not only the need for frequent review due to changing circumstances but the need also for regular and careful consultation with the interested parties. We urge

your committee to reaffirm in its report the importance of tripartitism and the need for more effective liaison between the commission and employers and labour through the unemployment insurance advisory committee.

This is respectfully submitted, Mr. Chairman, to yourself and to the committee.

The ACTING CHAIRMAN: Thank you, Mr. Jodoin, for a very fine brief, ably delivered in your experienced manner.

Gentlemen, before we begin I believe we should consider the problem that we will have. I understand that next Tuesday we have planned to hear the briefs of the Canadian and Catholic Confederation of Labour and the International Railway Brotherhoods. This morning we would have only a few minutes to begin the questioning of our witnesses. I do not think it would be desirable today to begin sitting when the house is sitting even if we do decide to do that in the future.

I understand that the Canadian Labour Congress would be in Ottawa and available some time next week. What I am asking is for direction now as to whether we should begin the questioning or whether you feel it might take an hour or two as it has in respect of the other witnesses. It might be preferable to leave this over until next week when we have had an opportunity to study our brief and then will be able to spend the full time necessary.

Mr. MARTIN (*Essex East*): Speaking for myself, I think your suggestion is worthy of full support. Apparently, Mr. Jodoin has indicated he will be available and also Mr. Andras and Mr. Bell. I attach great importance to the presence of Mr. Andras who, I think Mr. Jodoin will agree, is especially competent in this matter. Since these gentlemen will be available, and in view of our limited time this morning, it might be propitious to follow your suggestion. We could then follow the procedure of interrogation in respect of the labour organization, which we did in respect of the employer groups last evening.

Mr. JODOIN: I would like to say that the congress is always at the disposal of competent authorities. Secondly, we hope they will be progressive.

Mr. MARTIN (*Essex East*): You may be sure those of us sitting at this end of the table are.

Mr. MACINNIS: I think time is most pressing in this committee. We all know what is in front of us. I think we should use every bit of time which is available and should continue on this morning. As Mr. Jodoin indicated, he is free to come back at the discretion of the committee, at which time the questioning could be continued.

Mr. JODOIN: We will have to find a time. I know the members of the committee are very busy, and I assure you we are also very busy.

The ACTING CHAIRMAN: On Tuesday, Wednesday and Thursday of next week we will have some other briefs before us. We will be in contact, however, with the Canadian Labour Congress and I think it would be possible to get them in some time next week.

Mr. CARON: Are any other labour groups appearing after Tuesday? We have the Canadian and Catholic syndicates and the railway employees. Is there any group other than those to appear before the committee afterwards?

The Acting CHAIRMAN: Yes, there are some others, and I might say that my knowledge is limited because Mr. Small has been working on this. But the secretary informs me that the two bodies scheduled for Tuesday have not confirmed as yet their ability to be here.

What we might do is to find out today definitely whether or not they will be here on Tuesday. If they are not, then we could work in the Canadian Labour Congress on that day; and if that is not possible, Friday would be a possible day. It will be free next week for us.



Mr. MACINNIS: In all likelihood we are certainly not going to complete anything we may start here this morning. But the Canadian Labour Congress representatives have taken their time to come here today and it would appear to be wasting their time if they were just allowed to read their brief, with no questioning to follow. Since Mr. Jodoin and his colleagues have come here today, I think we should go on with them. The invitation is open. As has been indicated, mutual arrangements might be made for them to come back here again.

The Acting CHAIRMAN: Are you suggesting that we adjourn and come back later?

Mr. MACINNIS: No, I suggest that we continue now.

The Acting CHAIRMAN: Very well, whatever the pleasure of the committee is; we have until 11 o'clock.

Mr. MARTIN (*Essex East*): I was interested in supporting and giving you assistance, Mr. Chairman; but if that is the wish of the committee I will go along with it.

Mr. MACINNIS: I had it in mind that we continue with the Canadian Labour Congress at the discretion of the committee, not on the suggestion of any one member of this committee that this should be, or that should be done. I am getting tired of it. I listened to it for two days, and I am getting tired of it.

We come here to a committee meeting, and if it is our intention to sit while the time is available, I suggest we should sit then until 11 o'clock. We cannot be dissolved at the suggestion of any one member who says that he must be in the house. So let us get on.

Mr. CARON: The chairman has said, Mr. MacInnis, that if you have any questions, you should put them now.

The Acting CHAIRMAN: I simply said that I would like to get the thinking of the committee about whether we should begin the questioning now, or wait until a later time when it could be more extensive and fuller.

We do not have to vote on it, but if anybody else would like to express an opinion, I would like to get the feeling of the committee.

Mr. CARON: Go on and ask your questions.

Mr. MACINNIS: What about the rest of the committee? Do they want to sit or not?

Mr. MARTIN (*Essex East*): Do you wish to go on?

The Acting CHAIRMAN: It would seem that you have expressed yourselves in favour of sitting at a later time.

Mr. MARTIN (*Essex East*): I am prepared to go on, and I would accommodate myself to your suggestion.

Mr. MACLEAN (*Winnipeg North Centre*): In the brief from the employers it was suggested that these amendments be held up and that we do not proceed with them until a royal commission has been appointed to look through the whole act. Is this the thinking of the Canadian Labour Congress?

Mr. A. ANDRAS (*Director of legislation, Canadian Labour Congress*): No, Mr. Chairman. This act has been in existence for eighteen years, come July 1. The parliament of this country and the labour and employer organizations are quite familiar with its operation. There is a vast body statistical and other material available. We do not think that a royal commission would be required. We think that parliament is quite competent to deal with it. It has experts who are at your beck and call, and they can advise you. We feel we have some opinions worthy of consideration as well. I do not think we would like to see a royal commission go into this matter.



Mr. MACLEAN (*Winnipeg North Centre*): On the subject of seasonal benefits, and referring to page five of your brief, it would appear that your suggestion is in accordance with the brief we had from the Canadian Manufacturers' Association, that the effect of such action would be to impose a levy on all taxpayers in the country, on the general wage earner, including largely the wage earners; so in fact if this were done, you would have the employee or the employer, the same people who pay the employee's contribution, paying this general tax levy. Also, another effect would be to absolve management itself from paying its contribution. Are these the effects as you see them, if this were the case?

Mr. ANDRAS: No, we do not see it that way. This is an insurance act. It covers people who have an insurable interest, that is, the employees. The statute lays down what contributions they are to pay.

At the present time they are paying on a fifty-fifty basis. The general tax paying public of Canada makes its contribution in two ways: by the government paying 20 per cent into the fund for every dollar that the employee and the employer put in together, and by paying for the administration of the scheme itself, which runs to many millions of dollars.

We are inclined to agree that this sort of distribution or responsibility is not an inequitable one. The problem of seasonal benefits, however, is this: that in this country, because of its climate, seasonal unemployment is an extremely serious matter. It occurs year in and year out. We have unemployment in the nature of crises, and its seasonality effect upon this country is a matter of national concern, not just that of the insured population.

We think it should be paid for out of national revenue on the assumption that our taxation system is an equitable one. We think that people should pay on the basis of their ability to pay, that is, through a properly constructed income tax and through other forms of taxation.

If the system of taxation is regressive, it discriminates against some people. But by and large we think the consolidated revenue fund should cover the seasonal benefits area and unemployment of a cyclical character.

Mr. MACLEAN (*Winnipeg North Centre*): By doing it this way you would be absolving management from making their contributions?

Mr. ANDRAS: No.

Mr. MACLEAN (*Winnipeg North Centre*): The average wage earners would be making a larger contribution than would management.

Mr. ANDRAS: Individual managers would pay income tax based on their ability to pay under the schedules in the Income Tax Act; and if that act is at all equitable, it is not an unfair way in which to levy that cost of seasonal benefits.

Mr. JODOIN: May I add this in reply to the member from Cape Breton South: we would certainly say on the question of unemployment insurance itself that we like the suggestion made by the congress, that a committee be formed made up of government, employers, and employees; and maybe would not need what you are suggesting, as the right way to combat certain periods of unemployment which we do not feel would be continuing. I think by the three groups getting together on this issue we might solve the problem. It should not be done in the fall; it should be done right now.

Mr. MACINNIS: Is there any reason you would single out the member for Cape Breton South?

Mr. JODOIN: No, not at all. I just took the name from this gentleman.

The ACTING CHAIRMAN: That was my fault. I got the ends of the table mixed up.

Mr. GRAFFTEY: I wish to make a very brief statement. It is not exactly in the form of a question. It is an observation.

Mr. MacLean brought up the subject of seasonal benefits. There have been a lot of statements made in this committee and put on the record in reference to the consolidated revenue fund which, in turn, is in relation to the unemployment insurance fund in general.

It want to make a few brief comments. I think they are important, and should be put on the record.

If Mr. McGregor of the Unemployment Insurance Commission is here, I think he could clear this up, because I think there are facts which should be put on the record now.

Mr. MARTIN (*Essex East*): Mr. Chairman, I do not wish to interfere, but is Mr. Grafftey going to give evidence now?

Mr. GRAFFTEY: I simply want to ask a question. It is a fairly detailed one and I think we should first have the position made clear.

Mr. MARTIN (*Essex East*): You can question Mr. Jodoin or his colleagues.

The Acting CHAIRMAN: Put it in the form of a question, Mr. Grafftey.

Mr. GRAFFTEY: All right. I have four brief paragraphs. They are as follows:

This benefit came into effect on February 28, 1950.

That original legislation provided for four classes of seasonal benefit—the two that are still in effect (with subsequent amendments)—then known as classes 1 and 2—and two additional classes 3 and 4.

To provide for the cost of classes 1 and 2 contribution rates, which were then on a daily basis, were increased two cents per day (one cent by employers and one cent by employees)—an increase that amounted to as much as 15 per cent in the highest brackets of earnings as then determined.

Class 3, which provided for seasonal benefit being paid to workers in lumbering and logging—not then covered by the act but who became insured on the following April 1st—was paid from the consolidated revenue fund.

Class 4, provided for seasonal benefit being paid to persons whose employment became insured in the previous twelve months and had been in that employment for not less than 90 days but who could not qualify for regular benefit. The cost of this was also borne by the consolidated revenue fund.

The cost of these two classes was \$1,826,832.90.

My question is this: were there ever payments over and above this, in past history, made out of the consolidated revenue fund to the fund in general? I do not believe there ever were.

Mr. MARTIN (*Essex East*): No. Of whom are you asking your question?

Mr. GRAFFTEY: I am directing my question to Mr. Jodoin, if in his recollection there were ever such payments made?

Mr. ANDRAS: This is a matter of recollection. You have the experts sitting behind me who can give you more specific details.

Supplementary benefits were introduced in 1950. At that time there were four classes. The amendment was so constructed that two of the classes shortly after fell by the wayside. They were non-operative and they disappeared from the act.

At that time, so far as the wage earning population was concerned, there was an increase in the contribution rates—which was then on a daily instead of a weekly basis—of one cent a day for the employer and a like amount for the employee.

Subsequently, I might add, that the one cent was earmarked, and the act in 1950 required that the one cent—or rather I should say the two cents—if they were not sufficient, that the consolidated revenue fund would recover the deficit.

Subsequent amendment erased the one cent on each side, and the seasonal payments of one cent fell into the common pool. So there was no identification in respect to the general cost of the seasonal benefits. After the beginning it was no longer possible to say what part of the daily contribution rate was going for this or for that. I presume our actuary could work it out, but in terms of the financial statement they were not identifiable or separated any longer. So far as we were concerned, the seasonal benefits became a charge on the unemployment insurance fund.

Mr. GRAFFTEY: I simply want to reiterate why I asked the question. There has been a lot of reference made to the fact that the consolidated revenue fund in the past has come to the rescue of the fund on numerous occasions. The information I have, which I believe can be substantiated, was that there was never more than \$1,826,832.90 transferred in the past from the consolidated revenue fund to the fund in general.

Mr. ANDRAS: This is purely a matter of memory, but it seems to me that originally the one cent payment on each side did better in that particular period than to cover the cost, so that the government made some money at the time.

Mr. MACINNIS: My question I think will be appreciated by Mr. Andras because it will require only a yes or no answer. Are you against fishermen participating under the Unemployment Insurance Act?

Mr. ANDRAS: Mr. Chairman, I refuse to answer with a yes or a no.

Mr. MACINNIS: That is all.

Mr. MACLEAN (*Winnipeg North Centre*): Would you feel that if it came out of the consolidated revenue fund rather than by having the employer and employee making their contributions, that the corporation taxes would benefit the employer for his contribution? If you feel this way, you are in line with the C.M.A. group.

Mr. ANDRAS: It is embarrassing to be in line with the C.M.A. on almost anything.

Mr. JODOIN: But it is possible.

Mr. ANDRAS: There is what we know in the labour movement as a mutuality of interest. How far it extends is a matter of question and degree. I do not know the motivations of the Canadian Manufacturers Association.

Because of the nature of seasonal benefits and the nature of seasonal unemployment, we believe it is more equitable that it come out of the national purse and not out of the unemployment insurance fund.

Mr. SIMPSON: In connection with seasonal benefits, I am quite sure you are well aware of the fact that if it came out of the consolidated revenue fund or from any other government source, that would necessitate an increase in taxes, and I do not imagine you would want to associate yourself too often with being in favour of higher taxes. In connection with these seasonal benefits you have been referring to, do you have the same opinion in regard to seasonal benefits for fishermen as you would to tradesmen, who in many cases are seasonal workers? Do you want to put all classes of seasonal workers in a group by themselves, be they fishermen, construction workers and so on?

Mr. ANDRAS: The question is a complicated one because seasonality in this country is not only a matter of climate. In the garment trade—and Mr. Jodoin is familiar with that from direct experience—there is a slack season and a



busy season. However, in some trades, like those in connection with navigation on the Great Lakes, it is largely climatic. If we want to treat seasonality literally, we would involve ourselves in serious problems of administration and insurance, and we are disinclined to do so. We think that this act should cover virtually every type of employment.

To give you a direct answer in connection with the question of fishermen is like asking me if I ever stopped beating my wife; no matter how I answer I condemn myself.

Mr. JODOIN: I think the answer needs clarification.

Mr. MACLEAN (*Winnipeg North Centre*): In connection with seasonal benefits, Mr. Andras, if you advocate it should come out of the consolidated revenue fund, it has to come from somewhere. Would you then say we should increase taxation or increase the deficit?

Mr. ANDRAS: What do you mean by that?

Mr. MACLEAN (*Winnipeg North Centre*): I am speaking of the financial requirements. Are you suggesting we should increase taxation or increase the deficit?

Mr. ANDRAS: The question of deficit financing is a greater problem than the one we are faced with. We are not opposed to changes or a reconstruction of the tax structure as long as it is equitable. We have always taken the position that we would agree to increased contribution rates if the act provided a greater measure of security for the average worker.

In connection with the fishermen, we have made it clear in our brief that we are not opposed to fishermen being given protection against the hazards of their trade. We favour protection for them. So far as we are able to observe, the problem is that the way in which it covers fishermen seems to work against the poor devil who does not catch anything and it seems to favour the fisherman who has had a good catch. Furthermore, there are serious administrative problems, and our close connection with the commission makes us appreciate their position. Fishermen should enjoy the same protection as other groups. We are of the opinion it probably would be better for the fishermen and the Unemployment Insurance Act if they enjoyed a social security scheme of their own in which they could participate and offer advice based on their first-hand experiences. As it is, they are a fringe group. They are difficult to accept because of the special nature of their occupation and that weakens the integrity of our act and does not help the fishermen as much as another scheme might have.

Mr. CARON: I would like to ask a question, Mr. Chairman, but it is not in that particular field.

Mr. BROWNE (*Vancouver-Kingsway*): I have a supplementary question along the same line.

The ACTING CHAIRMAN: Will you proceed.

Mr. BROWNE (*Vancouver-Kingsway*): I know this question has been asked in a general way, but why have the fishermen particularly been singled out? Loggers are another group, and some views were expressed by employers in the construction industry; they felt these people were almost certain of being unemployed at certain times of the year. However, they felt they were not in the same category.

Mr. ANDRAS: There is this fundamental distinction. Our act was clearly set out—until the fishermen arrived on the scene—to cover people who were under a contract of service; in other words, there was a relationship between employer and employee. The act seeks to cover people who work for a wage or salary, or under some such arrangement. The fishermen, for the most part, are self-employed, work in a partnership or on some other basis with which I am not too familiar. That is why they are unique within our act; whereas

tradesmen, sailors or loggers are not unique. These groups work under a contract of service. In the case of loggers or the Great Lakes seamen, we have the question of seasonality and here is where the problem becomes one of principle. There is the question of certainty of unemployment and probably this is what the employers had in mind.

Mr. MACINNIS: Did I hear you make a remark to the effect that you are not too familiar with the situation in which the fishermen work?

Mr. ANDRAS: I have a knowledge of how they pursue their work, but I am not a fisherman myself.

Mr. MACINNIS: There is no such an inference, but I thought I understood you to say you were not too familiar with how they worked, whether they were self-employed or worked with an employer or on a share basis.

Mr. ANDRAS: They engage in their occupation in a number of economic ways. Some have their own boat and tackle; some work on a share basis and others have a different relationship. I am setting this forth from my own recollection.

Mr. MACINNIS: Does that necessitate categorizing these different fishermen?

Mr. ANDRAS: If they can be broadly categorized as a group, they are distinguishable from the other 4½ million who work under a contract of service and are now covered.

Mr. MACLEAN (*Winnipeg North Centre*): You will recall that these rates were increased by approximately 15 per cent in 1950. I understand the reason was to cover the seasonal benefits. Has the Canadian Labour Congress or yourself made any representations, or were any public representations made at that time?

Mr. ANDRAS: Let me put it to you this way, and as frankly as I know how. The act was introduced in parliament with startling abruptness. It was given first, second and third reading in a matter of 24 or 48 hours. The only kind of representations we were able to make was afterwards. The thing went through the house so quickly that we were dismayed. While ostensibly the act was to deal with supplementary benefits, there were a variety of other amendments which were put through to which we took objection subsequently.

Mr. SIMPSON: Were you called before a committee at that time?

Mr. ANDRAS: No.

Mr. MANDZIUK: Mr. Chairman, my question is a short one and it probably will involve some guesswork. It is set out in the brief before us that our labour force or Canadian wage earners total more than 4 million. What percentage would you say applies to the labour force engaged in seasonal occupations?

Mr. ANDRAS: I could not give you an exact answer. It would be difficult to say. We could get the information. We have made studies of seasonal unemployment, but offhand I could not tell you; it will fluctuate even from one year to the next. During the war years and the first four years after the war it was not a problem; it became a problem on the return to so-called normalcy, and it has become increasingly a problem partly due to increasing technology and partly due to the fact that we have not been able to maintain the kind of employment level we had from 1946 to 1950.

Mr. MANDZIUK: Is not that a problem that has stayed with us and for which we see no end in the foreseeable future?

Mr. ANDRAS: We think it is a problem that ought to be solved. We do not accept lightly the status quo in that regard.

Mr. GRANGER: I would like to make an observation at this time, Mr. Chairman. It has been refreshing to hear the views of this organization in connection with fishermen's unemployment insurance, particularly after we had heard from the employers yesterday who, in some cases, were not of the same opinion.

I was particularly interested in the remark that the present application fails to assist those fishermen who were unfortunate enough to have a small catch. I think originally the real problem was to find a formula whereby fishermen could participate, and I think I might be forgiven if I express the hope that a more equitable arrangement might be worked out in the near future.

Mr. GRAFFTEY: Mr. Chairman, have the congress differentiated in their mind in a fairly definite way that part of the scheme now, which can be termed a benefit way, and that part that falls under sound actuarial principles. If they have, in relation to what we have been discussing, do they feel that the segment that falls under the general unemployment insurance scheme in which we should promote more social benefits should be considered entirely separately from the actuarially sound basis.

Mr. ANDRAS: It is partly a philosophical problem. I have the actuary behind me. For years we have wrangled at meetings of the unemployment insurance advisory committee. You have two words that make up a phrase; it is called "social insurance". Some emphasize the word "social" and others emphasize the word "insurance". There is a philosophical concept involved. There is also the factor that it is a scheme operated by a sovereign power, the government, which in theory at least has unlimited taxation powers. It can make the scheme as it pleases and change it if it ever runs dry.

I would like to say one thing, and I am sure the actuary will agree with me. In the field of unemployment insurance actuarial premises are far more difficult to establish accurately than in the case of life insurance. In life insurance there is a certainty. Everyone is going to die at some time or other. The insurance companies have their mortality tables. They do not have to work on assumptions and presumptions. Our assumptions can be modified by government fiscal or other policies. If a government sets its mind to work and maintains full employment it will make a considerable difference to the actuarial concepts in our act. In contrast, if they decide that it is desirable to maintain a pool of unemployment and it is maintained, that will present a different kind of assumption for the actuaries. That is the reason it is difficult to give you an accurate answer.

The ACTING CHAIRMAN: Gentlemen, it is 11 o'clock.

Mr. CARON: Will the next meeting be on Tuesday?

The ACTING CHAIRMAN: Do we have more questions for these witnesses?

Mr. CARON: I have some questions which will take a considerable length of time.

Mr. MACINNIS: Mr. Chairman, I have a question, which will only take a moment. It is in reference to a statement on page 11 of the brief. It is ignorance on my part because in my part of the country we do not have anything comparable to fee-charging employment agencies to exploit unemployed workers. I do not know the legality of this. Certainly in our end of the country we do not have such a thing. This is a legal matter. Reference was made to the extending of workers. I can understand how an unemployed worker will use any possibility available to obtain employment, even through Kate Aiken. This is something which will be going on, and if some very definite action could be taken on it, and if there is any detailed information on it, it should be made available at the next meeting of the committee.



Mr. NOBLE: Arising from the indications which have been given this morning, may I ask if the Canadian Labour Congress would be opposed to having the agricultural industry benefit under the Unemployment Insurance Act?

Mr. ANDRAS: So far as the farm labourer is concerned, if he is under a contract of service and has an insurable interest, and if it is administratively feasible, we would give sympathetic consideration to his coverage.

The ACTING CHAIRMAN: We have a motion to adjourn now.

Our next meeting will be on Tuesday morning at 11 o'clock in the railway committee room in this building. If possible the Canadian Labour Congress representatives will be recalled, but if not, they will be heard on Friday for sure. I thank you.

The committee adjourned.







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Canada. Industrial Relations,  
Standing Committee on, 1959

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

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STANDING COMMITTEE

ON

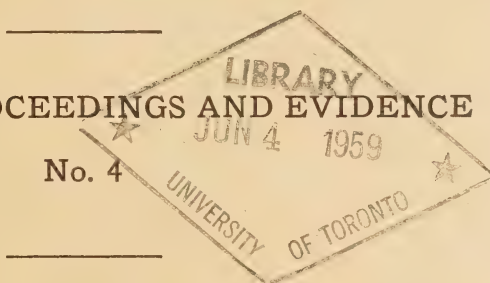
**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4



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BILL No. C-43

An Act to amend the Unemployment Insurance Act

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TUESDAY, MAY 26, 1959

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WITNESSES:

Mr. Jean Marchand, General Secretary, Canadian Catholic Confederation of Labour; and Mr. James McGregor, Director of Unemployment Insurance, Unemployment Insurance Commission.

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

*Chairman:* R. H. Small, Esq.,

*Vice-Chairman:* T. Ricard, Esq.,

and Messrs.

Allmark,  
Beech,  
Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Drouin,  
Graftey,  
Granger,

Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McMillan,  
McWilliam,

Mitchell,  
Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
*Clerk of the Committee.*

ORDER OF REFERENCE

HOUSE OF COMMONS,  
MONDAY, May 25, 1959.

*Ordered,*—That the name of Mr. McMillan be substituted for that of Mr. Deschatelets on the Standing Committee on Industrial Relations.

*Attest.*

LÉON J. RAYMOND  
*Clerk of the House.*





## MINUTES OF PROCEEDINGS

TUESDAY, May 26, 1959.  
(7)

The Standing Committee on Industrial Relations met at 11.00 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Allmark, Beech, Bell (*Saint John-Albert*), Browne (*Vancouver-Kingsway*), Caron, Grafftey, Granger, Lahaye, MacInnis, Mandziuk, Martin (*Essex East*), McDonald, McMillan, Peters, Pigeon, Ricard, Skoreyko, Small, Smith (*Winnipeg North*), Spencer, and Stanton.—(21)

*In attendance:* From *The Canadian Catholic Confederation of Labour*: Messrs. Jean Marchand, General Secretary and Gérard Pelletier, Editor of *Le Travail* (weekly).

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner, and James McGregor, Director, Unemployment Insurance.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Chairman introduced Messrs. Marchand and Pelletier of The Canadian Catholic Confederation of Labour and then called on Mr. Marchand.

Copies of a submission prepared by The Canadian Catholic Confederation of Labour were distributed to the members of the Committee.

Mr. Marchand read the brief of The Canadian Catholic Confederation of Labour in the French language, and was questioned.

Discussion arose as to whether the witness should be questioned in English or French. The Chairman requested questioning to begin in English, and if necessary, the Vice-Chairman could translate questions asked in French.

After debate on the scope of questioning of the witness before the Committee, it was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that this Committee be empowered to call the members of the Unemployment Insurance Advisory Committee for the purpose of enabling this Committee to discuss more adequately Bill C-43.

An amendment to the motion was moved by Mr. Spencer, seconded by Mr. Pigeon, that this question be referred to the Steering Committee. The amendment was carried on the following division: YEAS, 11; NAYS, 4.

After some discussion, it was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that Mr. Martin be permitted to ask Mr. Marchand a question about replenishing the Unemployment Insurance fund.

After debate, by leave, the motion was withdrawn.

On motion of Mr. Browne (*Vancouver-Kingsway*), seconded by Mr. Peters,

*Resolved*,—That the officials of the Unemployment Insurance Commission place on the record the number and amount of contributions to the Unemployment Insurance fund out of Consolidated Revenue.

Discussion arose as to when questioning of the witness before the Committee should be completed. After some debate, it was agreed that questioning of the witness should not be interrupted but be continued until completed.

Questioning concluded, Mr. Marchand was thanked for his presentation to the Committee.

The Chairman called on Mr. McGregor, who after making a brief statement on payments of supplementary (now seasonal) benefits, was questioned.

At 1.25 p.m., questioning concluded, the Committee adjourned until 9.30 a.m. Thursday, May 28.

M. Slack,  
*Clerk of the Committee.*



## EVIDENCE

TUESDAY, May 26, 1959.  
11.00 a.m.

The CHAIRMAN: Gentlemen, we have a quorum and can proceed. We have with us today a deputation from the Canadian Catholic Confederation of Labour, Mr. Jean Marchand, secretary-general, and Mr. Gerard Pelletier, editor of *Le Travail*, the official organ of the confederation.

Mr. MARTIN (*Essex East*): Mr. Chairman, before we call these witnesses, I understood at the last meeting we were to continue our interrogation of Mr. Andras, who is a member of the advisory committee, and Mr. Bell. Has there been a change in those arrangements?

The CHAIRMAN: No, it was arranged for Friday.

Mr. MARTIN (*Essex East*): Oh, I see.

Mr. BELL (*Saint John-Albert*): Yes, Mr. Andras had to go to New York and could not be back until Friday.

The CHAIRMAN: All right, Mr. Marchand and Mr. Pelletier.

Mr. Jean MARCHAND (*Secretary-General, Canadian Catholic Confederation of Labour*): Mr. Chairman, if you have no objection I am going to read the brief in French, and as far as the explanations are concerned I am going to try to answer in English.

(*Interpretation*):

The CCCL considers that the Unemployment Insurance Act is the key legislation of our social security system. That is the reason why we feel vitally interested in both the administration of the act and any amendment that might be considered.

There are many conceptions of the nature and extension of the Unemployment Insurance Act. Many people have looked to it as a means to accumulate a considerable fund which would not only provide for unemployment resulting from the normal variations of our economy but also from such depressions as the one experienced in the thirties. Others see it as a cure for all the deficiencies of our social security system.

The CCCL has never believed that the unemployment insurance fund could serve as a substitute for the treasury of Canada or economic planning. On the other hand, since our Unemployment Insurance Act is an insurance law, it is impossible to introduce into it any element of such a nature that would force the people insured to assume obligations connected with social security but not directly with the objectives of the act.

### *Fluctuations of the fund*

The CCCL does not feel overly concerned with whatever fluctuations that may occur in the unemployment insurance fund. We do not deem necessary to accumulate hundreds of millions of dollars indefinitely in view of a major depression which might eventually justify such a policy. We believe that the fund, whatever its importance, would be but a very weak protection against the consequences of such a crisis. This does not imply that a reasonable reserve should not be accumulated: the commission should be provided with all necessary resources to cope with any normal situation arising in our economy.

But we insist that such reserve should never reach the point where it becomes a permanent temptation for the government to use the fund for other purposes than those for which contributions were made.

### *Foreign elements*

It seems that over the last few years, the government tended to rely upon the unemployment insurance fund to cope with expenses which should be charged against the treasury of Canada or assumed through specific social security measures. We believe that the rapid decrease of the fund is due to the application of such policy rather than to the inadequacy of employer and employee contributions in regard to the normal expenses related to the application of the act.

We therefore support wholeheartedly the recommendation of the advisory committee of the unemployment insurance commission to the effect of increasing the government's contribution in such a way that it may cover the cost of assistance to the unemployed that was charged against the fund. The government's contribution should represent at least half of the global contributions of employers and employees.

### *Extension of coverage*

On many occasions we have asked the government to extend the coverage provided by the act in order to cover the largest possible number of workers. In spite of our frequent requests, little has been done to correct such deficiencies in the act. Hospital employees are not covered by the act and no attempt was made to produce a reasonable explanation for this anomaly. Many other categories could also be covered. We feel convinced that such an extension would answer a double need, first by extending the benefits of the law to persons in need of security, secondly by providing the unemployment insurance fund with greater stability and a better balance.

### *Bill C. 43*

We agree with many of the amendments proposed in Bill C. 43. With very few exceptions, these amendments will in no way affect the fund unfavourably. Such are the new ceiling for insurable income, the setting up of two new categories and the determination of benefit rates over a new period.

The extension of benefits from a period of 30 to 52 weeks is a step in the right direction but one should not be misled about the real consequences of this change. The average length of unemployment periods is such that the insured will not be in a position to benefit fully from this amendment, at least not for the time being. However, we approve entirely of the amendment which goes along with the demands of organized labour.

The increase of admissible income is an interesting element in Bill C-43. The application of the new scale will probably cause a number of injustices but your committee can no doubt correct that through necessary amendments.

Benefit increases for a number of categories appear to be insufficient and overly restrictive, particularly with regard to the increase in contributions.

Finally, for reasons already mentioned, we oppose the proposed increase of contributions. In our opinion, it is unjustified as it imposes on the insured a financial burden which should be assumed by a fund other than that of unemployment insurance.

We want to underline the fact that we do not oppose contribution increases as a matter of principle, provided that such increases be aimed at increasing the benefits of the insured.

Before ending this submission we want to state that the CCCL is in full agreement with the brief submitted to your committee last week, by the Canadian Labour of Congress.

(Continuing in English)

I would like to go a little bit further in saying that we endorse the memorandum of the Canadian Congress of Labour. We did not repeat all the amendments and we did not make the complete analysis that was made in the memorandum, in order not to repeat what you already have in hand. As a matter of fact, we support this memorandum and this one has only the purpose of telling you our general philosophy as far as the Unemployment Insurance Act is concerned.

Mr. CARON: We have Mr. Marchand, whose natural tongue is French, and it might be much easier and much clearer if he does answer in French, if there was an interpreter. Would it be possible to have one?

The CHAIRMAN: Mr. Ricard can tell us what is said.

Mr. PIGEON: For the first time in our committee proceedings we have a French translator in another committee. I am very surprised at Mr. Caron for that, because with the former government we have never had that in our committee. In another committee we have a French translator and Mr. Caron asks his questions in English. It is not because I am against that.

Mr. RICARD: If you would permit me to interject a few words I would like Mr. Marchand to answer Mr. Caron's question. Mr. Caron asked if Mr. Marchand preferred his testimony in French or English.

Mr. MARCHAND: Well, I tell you I can always try to speak English, but I must confess that I speak much better French and it is much easier. However, if the committee insists I am ready to try to do it in English and I hope you will excuse my forms and lack of distinctions that can be made.

Mr. CARON: Mr. Chairman, I have no objection to proceeding in English. If Mr. Marchand or Mr. Pelletier seem to have certain difficulties in expressing themselves I think they have the right to testify in French, and then we should have a translator.

The CHAIRMAN: We will proceed and if we run into that difficulty we will try to solve it.

Mr. PIGEON: I am not against that, but I cannot understand why in another committee you asked your questions all the time in English, Mr. Caron, and we had a French translator. I am in favour of having a French translator, of course, here, but I cannot understand why, in the other committee, you asked your questions in English.

Mr. CARON: Well, Mr. Chairman, in the other committee I did ask for a translator because some members, like Mr. Pigeon, had some trouble. However, in every case it was much faster for the committee if I asked my questions in English, which I did; but I do not think Mr. Pigeon should ask me why I asked them in English.

Mr. RICARD: Please let us have questions on this—

Mr. MACINNIS: This committee is certainly getting off to a fine start with stupid argument. If the question is asked in French, let it be answered in French; if it is put in English, let it be answered in English. Ask your question in French and answer it in French.

Mr. CARON: Who will record it if it is answered in French? That is where your question was stupid.

Mr. MACINNIS: I did not ask a question.

Mr. CARON: Your statement was stupid, then.



Mr. BROWNE (*Vancouver-Kingsway*): Mr. Marchand, can you tell us whether the bill in its present form, if the bill is going through on this or not going through at all, would you prefer that this amendment be enacted as the bill is now or not enacted at all?

Mr. MARCHAND: Not enacted at all, because I believe the main amendment concerns contributions and we are not in agreement with increasing the contributions in the circumstances for the reasons given in the memoranda—this memorandum and the Canadian Congress of Labour's memorandum. That does not mean that we are not interested in some other amendments. We want to be honest, but we do not believe that is the main purpose of the bill.

Mr. BROWNE (*Vancouver-Kingsway*): In other words, you are opposed to the present bill?

Mr. MARCHAND: If it was to be adopted without amendment we would prefer not to have it at all.

Mr. MARTIN (*Essex East*): Mr. Marchand, what is your position with the Canadian Catholic Confederation of Labour?

Mr. MARCHAND: I am secretary-general of the confederation.

Mr. MARTIN (*Essex East*): And you were a member of the advisory committee on unemployment insurance?

Mr. MARCHAND: I was a member, yes.

Mr. MARTIN (*Essex East*): How long had you been a member of the unemployment insurance advisory committee?

Mr. MARCHAND: I think it is five or six years, or thereabouts.

Mr. MARTIN (*Essex East*): Did you resign from that committee?

Mr. MARCHAND: I did resign, yes.

Mr. MARTIN (*Essex East*): When did you resign from that committee?

Mr. MARCHAND: I think it was on May 3 or 2, or something like that.

Mr. MARTIN (*Essex East*): What were the reasons for your resignation?

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I think we have run into this question before. On a point of order I would like to find out whether Mr. Marchand is appearing as a—

Mr. MARTIN (*Essex East*): I cannot hear you.

Mr. BROWNE (*Vancouver-Kingsway*): I am trying to establish once again; this is the second witness we have had who is appearing on behalf of an association, in this case the Canadian Catholic Confederation of Labour; and now he is being asked questions as a member of an advisory committee. I do not feel he can answer at the same time in two capacities. It may be perfectly proper that he should appear before the committee at a further time as a member of the advisory committee. That will have to be established; but I do not think he should be questioned as representing an association and have questions put to him as a member of the advisory committee at the same time.

Mr. MARTIN (*Essex East*): I must, of course, take strong issue with that. Mr. Marchand is not only an important officer of this labour organization, but has had five or six years of experience as a member of the advisory board, and that gives him the special competence to deal particularly with the main objection to this bill as he sees it, and that is the character of a raise in the rate of contribution. Surely my friend is not going to preclude us on this committee from ascertaining out of the wealth of this gentleman's experience the reason why he brings these particular representations. We have had enough strait-jacketing now in this committee without starting again.

Mr. BROWNE (*Vancouver-Kingsway*): I do not think there is any need to go into that. I do not think anybody is being strait-jacketed or anything else. Mr. Marchand is here expressing the views of the Canadian Catholic Confederation of Labour, and his views as a member of the advisory committee are not the same; so I do not think it is fair to the witness to ask him to answer in two capacities.

Mr. MARTIN (*Essex East*): I have not asked him one question yet as a member of the advisory committee. When I do we can establish that point. What I was trying to do was establish Mr. Marchand's special competence. There are a number of questions I want to deal with.

Mr. Marchand, in the House of Commons the Minister of Labour referred to you and to Mr. George Burt of the United Automobile Workers and Mr. Andras—

Mr. BROWNE (*Vancouver-Kingsway*): May I ask Mr. Martin from what page of the brief he is adducing these questions?

Mr. MARTIN (*Essex East*): Well, naturally, I am not—

Mr. BROWNE (*Vancouver-Kingsway*): Well, could we stick to the brief, Mr. Chairman, in order to facilitate the business of the committee in discussing bill C-43.

Mr. MARTIN (*Essex East*): Well, my friend knows questioning cannot be limited to asking questions based on the brief, but having to do with the measure before us.

Mr. BROWNE (*Vancouver-Kingsway*): On what page of the brief are you finding your questions?

Mr. MARTIN (*Essex East*): I am not referring to the brief at all. Is my friend suggesting that the witness is so bankrupt of ideas that he must stick to the brief?

Mr. BROWNE (*Vancouver-Kingsway*): I think it is very discourteous to the witness not to consider the brief when he has just read it.

Mr. MARTIN (*Essex East*): This gentleman was referred to by the Minister of Labour in the House of Commons as belonging to the C.C.F. party, and on that account he did not, in the Minister of Labour's judgment, deserve or warrant the consideration which the Minister of Labour thought should be given to a member of another party.

Mr. BELL (*Saint John-Albert*): That is a ridiculous statement. I object to that statement.

Mr. SMITH (*Winnipeg North*): I object to that statement. I do not think there is anything in *Hansard* from which the member can draw such an inference and I think that statement should not go on the record unchallenged.

Mr. McDONALD (*Hamilton South*): On a point of order—

Mr. MARTIN (*Essex East*): I simply want to say, Mr. Chairman, if this committee is going to continue this way we Liberal members of the committee, and I expect others, will find it desirable to withdraw because we are not going to have, every time we put questions, hon. gentlemen for some reason or another seek to prevent us from parliamentary investigation. Yesterday in the house we apparently were denied the minutes of the—

Mr. McDONALD (*Hamilton South*): On a point or order—

Mr. RICARD: If you were not to indulge in that kind of business, we would not have to take exception now.

Mr. MARTIN (*Essex East*): I take objection to you sitting beside the chairman and making that kind of observation.

Mr. RICARD: I am not sitting in the chair. I am helping in case there is some translation to be done.

Mr. MARTIN (*Essex East*): If you want to make that kind of comment come down into the body of this committee. Do not use your position on the rostrum to impose your views on anybody.

Mr. RICARD: I am telling you all the confusion comes from you.

Mr. McDONALD (*Hamilton South*): If Mr. Martin wants to discuss these other questions I think he can, if it is in order; but I think, out of courtesy to the gentlemen who produced this brief, we should discuss his statements right now and get that out of the way. If he wants to make a lot of other statements, we can fight that. I think we should have the courtesy to go ahead and go over his brief.

Mr. MARTIN (*Essex East*): I always like to listen to what Mr. McDonald has to say and I have no objection to pursuing this course, except it must be up to each member as to when he wishes to put interrogations. I want to ask Mr. Marchand if he is a member of the C.C.F.?

Mr. RICARD: That has no basis here.

Mr. SPENCER: May I suggest a point of order has been raised. As I understand it, this committee has been raised for the purpose of listening to a brief presented by this organization as it pertains to bill C-43 now before the house. The political relationships and the fact that he has resigned from the advisory committee are certainly not pertinent to this inquiry this morning. I think, Mr. Chairman, you should rule on that point of order. I think we should confine our inquiry and discussions here today to what is pertinent, namely, this bill now before this committee.

Mr. CARON: On that point of order, are we allowed to repeat in this committee the material which was given in the house in this committee?

The CHAIRMAN: Would you repeat that again, Mr. Caron?

Mr. CARON: Are we allowed to repeat in this committee the material which was given in the house on this question?

Mr. SMITH (*Winnipeg North*): Mr. Chairman, on the point of order, I trust the member from Hull will extend the usual courtesy to me in speaking on the point of order. I have not been a member of parliament as long as the hon. member from Essex East, but it is my understanding in committee that representations are to be made and that the committee should have the courtesy to listen to the representations and then question the brief that has been presented.

It is then my understanding that after all the representations have been made the committee continues to meet. At the time any matters that other hon. gentlemen wish to bring up such as the report of the advisory committee, which is available to members, may be presented and discussed. I do not think it is usual for committees to be discourteous to people who have come forward with representations based upon a great deal of study and with a good deal of thought behind it. I do not think the committee should be discourteous to the extent of keeping them here any longer than is necessary.

The information that hon. members at the end of the table are trying to put on the record is available to them and could be discussed at other meetings. I think today we should consider this brief.

The CHAIRMAN: Mr. Caron, you were interrupted. What did you wish to say?



Mr. CARON: Well, I was asking, Mr. Chairman, if we are permitted to use in this committee the material which was given in the house on the same subject.

The CHAIRMAN: I think at the start I went to the trouble of reviewing the ruling that I had made pertaining to the unemployment insurance advisory committee, that it was ruled out in the house and would likewise be ruled out of order here. I left it open to the committee to make a decision whether they would hear it and the committee has made a decision, and I think that statement I made at that time should be sustained. I think also the committee should proceed on this question, particularly of the brief.

As I understand, when the Canadian Manufacturers Association was present, where they had made reference to the unemployment advisory committee, they were in the position that they were not guided by the rules governing the members of the committee because they were presenting a brief, that we either accepted or did not accept. Therefore, I had ruled it out that any one on the committee could not introduce the subject matter that was refused in the House of Commons. That is the procedure.

Mr. MARTIN (*Essex East*): On a point of order, your honour persists in saying you cannot discuss in the committee a matter that was ruled out of order in the House of Commons. This question was never ruled out of order in the House of Commons.

What happened, Mr. Chairman, precluded us, not from a discussion of the amendments of the unemployment insurance bill, but from discussing whether or not the Minister of Labour had failed to comply with the act in not tabling a report. That is what the speaker ruled out of order. He did not rule any discussions of the advisory committee out of order. We discussed that thoroughly for two or three days. We discussed and studied their reports, one of which was reported in July of 1958. We discussed those without any restriction in the house; but all that the Speaker ruled out of order was that we did not have the right on the discussion of the bill to deal with the question as to whether or not there had been a failure to comply with the act. That was all that was ruled out of order.

Now, at meetings the other day, there was never one ruling on the question as to whether or not we could interrogate members of the advisory committee decided by your honour. Now, if you take the position that you are going to rule out any discussion in any way having to do with the advisory committee, then we in this committee will have no other alternative but to challenge that ruling. I am pointing out with great respect that the Speaker did not rule this out of order. What he ruled out was any argument on the bill as to whether or not it was proper to discuss non-compliance by the Minister of Labour with the act.

The CHAIRMAN: I will go this far with you, that that was right; but you had better get it more into relationship with the fact that we were discussing at that time an amendment to C.43, to the act. That is what we were discussing and the matter of the unemployment insurance advisory committee, and anything pertinent thereto, was not in order. That is the position we are in right now. We are discussing an amendment to the Unemployment Insurance Act, and these interjections you are making in regard to the advisory committee are not in order, and I so rule.

Mr. MARTIN (*Essex East*): Then I move, Mr. Chairman, that this committee be employed to call together the chairman and members of the advisory committee for the purpose of receiving their complete assistance in connection with this bill that is now before this committee.

The CHAIRMAN: I also overrule it on this ground that if we have the officials of the unemployment insurance department, they could provide us with all the information because its the source from which the Unemployment Advisory Committee receive their information. So the motion you now have before the chair is what?

Mr. MARTIN (*Essex East*): That we be allowed to call—I have already given it. Have you got it written down, Mr. Clerk? I move that this committee be empowered to call members of the unemployment insurance advisory committee for the purpose of enabling us to discuss more adequately the bill before the committee.

The CHAIRMAN: Have we a seconder?

Mr. CARON: Yes, I will second it.

Mr. BELL (*Saint John-Albert*): On Mr. Martin's motion, I would like to say this, that I feel at the proper time this motion should not be entertained. Whether it later should be moved and discussed and voted upon is another matter, but we presently have a gentleman from the Canadian Catholic Confederation of Labour before us who has presented his brief. I feel we owe him the courtesy to proceed and discuss that with him. I feel we should not discuss matters such as his politics or the advisory committee. If he had a wish for those things to be discussed I presume he would have put them in the brief. Since they are not there, I feel we should proceed at this moment and begin a discussion of this very excellent brief. I further suggest that Mr. Martin's motion should be at least held over until a later date when we can discuss in committee this very important matter when different bodies are not present.

Mr. PIGEON: I agree with Mr. Bell, although I think these things have a proper sequence and I think this matter should be brought up at that time. I see no reason why this committee should be discourteous to gentlemen who have come forward today to put forward their views on behalf of the unemployed people of this country. To have those benefits obstructed by the Liberal members of this committee is certainly not in keeping with their supposed interest in unemployment.

Mr. MARTIN (*Essex East*): I object to the use of the word "obstruct". Because hon. gentlemen are not able to get their way in this instance, they say we are being obstructive. We are not being discourteous to Mr. Marchand; we are being helpful to Mr. Marchand as a member of the advisory committee and ask what we are asking in elucidation of the brief. However, I do not want to press that any more. There is a motion before the committee. I suggest that motion be put and we can then proceed to an examination of this witness.

The CHAIRMAN: Well, I should like to go along with Mr. Bell, and I will support the suggestion, and that will settle the matter.

Mr. MACINNIS: This motion is definitely out of order, and this is a motion that should not be given any consideration. There is only one thing we are here to consider at the moment and that is the brief. Having completed the brief, if there is any further business for this committee to carry on with, we will carry on with it. At the moment we are here for the one specific purpose, and that is to deal with this brief. I do not think a motion to dispose of it should be put at this time.

Mr. BELL (*Saint John-Albert*): I want to state, speaking for myself, I do not want to be associated with any of the delaying tactics that the Liberal members have been making of these various briefs. We kept one of the associations waiting over an hour the other morning and I think when these people come up we should not be discourteous to them or keep them waiting. You are out of order with your motion, in my opinion. Whether it should be brought up

later is another matter, but they certainly should not be brought up when these important people are brought here at a certain stipulated time before this committee.

Mr. MARTIN (*Essex East*): Well, Mr. Chairman, my friend, Mr. Bell, for whom I have personally the highest respect, keeps referring to these delaying tactics. It is quite clear from what has happened this morning what the members of the Conservative party on this committee are trying to do. They are trying to prevent us from getting all the facts. That will not happen, and I want to warn the committee that we do not propose to sit here. If that is going to be the case, we have other important work to do.

You have suggested that we dispose of this motion. If the hon. members want to vote against it, let them vote against it and we will deal with that kind of vote also. There is a motion now and when Mr. Bell says we are delaying this, when I am trying to get every avenue open to try to find out what is behind the reluctance to give that information, they say we are delaying. It is simply a continuing practice that they are following to prevent our getting the necessary information which we have to have on this committee to determine the validity of the recommendation made by the government.

The CHAIRMAN: Your motion would be out of order if it was just pertaining particularly to the question, but since you have asked to send for individuals your motion is in order and it is up to this committee whether we want to send for them. Therefore, we will take a vote on the motion you have presented.

Mr. MACINNIS: I have already pointed out, and I think perhaps the rest of the committee understand, that this motion is out of order. We are here to deal with one question and one question only. If Mr. Martin will not do this, I am quite willing at any time, when the proper procedure is followed, to discuss this matter with him and have it brought out in the open committee.

The angles you are trying to put forward today are all wrong. I again reiterate that I am quite willing to have this out in the open with you. When it is out in the open I can suggest to my friends something else that can be brought out in the open. I do not think, Mr. Chairman, this is a proper motion now.

The CHAIRMAN: Well, he will not withdraw the motion and it is perfectly within the right of any member of this committee to make a motion whether we think it is right or wrong. Therefore, in this particular case, the motion is in order.

Mr. SPENCER: I would like to move an amendment that this question be referred to the agenda committee.

The CHAIRMAN: Do you mean the steering committee?

Mr. SPENCER: Yes.

The CHAIRMAN: All right.

Mr. MARTIN (*Essex East*): On which we have one member.

Mr. PIGEON: I will second that motion.

The CHAIRMAN: There has been a mover and a seconder that the motion be amended to the effect that the matter be referred to the steering committee. That is also in order. Therefore, the amendment will come first. All those in favor of the amendment? All those opposed? I declare the amendment carried.

Mr. MARTIN (*Essex East*): Steamrolling.

Mr. BELL (*Saint John-Albert*): You used it for twenty-two years; you should recognize it.

Mr. MARTIN (*Essex East*): It is a terrible denial of democratic justice.

The CHAIRMAN: And now, gentlemen, you may proceed with your questions.



Mr. BELL (*Saint John-Albert*): I would like to ask Mr. Marchand a question. Do you have any knowledge of previous representations that have been made by your body to committees or to the government in the past regarding the Unemployment Insurance Act?

Mr. MARCHAND: Yes.

Mr. BELL (*Saint John-Albert*): Can you tell me the occasions you may have appeared.

Mr. MARCHAND: Every year we did.

Mr. BELL (*Saint John-Albert*): Do you remember in 1950, when the act was originally drawn up, making any representations at that time either as your own separate body or to the C.L.C.?

Mr. MARCHAND: Yes, we did. Well, I presume we did, because we made representations to government every year.

Mr. BELL (*Saint John-Albert*): Well, at the time of your representation—

Mr. MARCHAND: I do not recall this part of the memorandum, but I recall.

Mr. BELL (*Saint John-Albert*): I appreciate that. I am trying to get some back history on this. Do you remember the time in 1950 when you made representations and, if so, to whom were they made?

Mr. MARCHAND: I presume it was to the cabinet, to the federal cabinet.

Mr. BELL (*Saint John-Albert*): Do you remember the minister who was responsible at that time for the legislation and for the presentation of this matter to the house?

Mr. MARCHAND: Yes.

Mr. BELL (*Saint John-Albert*): Could you name the minister who was the acting Minister of Labour and who presented this legislation to the house?

Mr. MARCHAND: I think it was the hon. Mr. Gregg.

Mr. CARON: Has that any reference to the brief?

Mr. BELL (*Saint John-Albert*): Do you remember the name of the acting minister who piloted the legislation?

Mr. McMILLAN: That is not contained in the brief.

The CHAIRMAN: He is referring to the brief that was presented on Friday.

Mr. CARON: We were denied when we wanted to go into other facts a while ago. You are referring to a matter that was passed in 1950 and it is not in this brief. All the members were advised that they had to stick to the brief and, if we are to comply with the demand of the committee, I would ask the Conservative members to stick to the brief as well.

The CHAIRMAN: Mr. Caron, it is not that point to which he is referring. He is referring to the brief submitted by the C.L.C. on Friday which Mr. Marchand said they would go along with, but they are just bringing out additional points. I am pretty sure this is in order because they are relating the two together.

Mr. SPENCER: It is in connection with the last paragraph of the present brief.

Mr. SMITH (*Winnipeg North*): On page two of your brief, sir, you mentioned foreign elements and you said:

It seems that over the last few years, the government tended to rely upon the unemployment insurance fund to cope with expenses which should be charges against the treasury of Canada, or assumed through special social security measures.

Are you referring there to seasonal benefits?

Mr. MARCHAND: Fishermen's benefits.

Mr. SMITH (*Winnipeg North*): And loggers' seasonal benefits?

Mr. MARCHAND: Yes.

Mr. SMITH (*Winnipeg North*): And seasonal benefits, as such, were first introduced in 1950; is that correct?

Mr. MARCHAND: I think so, but I cannot tell you for sure that it was at that time.

Mr. SMITH (*Winnipeg North*): And did you make representations at that time with regard to those seasonal benefits?

Mr. MARCHAND: To be honest, I think I will have to refer to this brief, if you want me to give exact times, but if you refer to that particular year I think I will have to take a memo.

Mr. SMITH (*Winnipeg North*): You are not sure whether or not you made representations at that time?

Mr. MARCHAND: I am sure we made representations, but in what sense we made representations I do not recall exactly.

Mr. BROWNE (*Vancouver-Kingsway*): Then are you suggesting that fishermen and other seasonal workers should be removed from coverage under the act?

Mr. MARCHAND: No, I am not suggesting that, but I think if they stay there, if they are covered by law, we should provide for a particular source of revenue to cover the expenditures related to those classes.

Mr. CARON: You say in the third paragraph on the first page of your brief that the C.C.C.L. has never believed that the unemployment insurance fund could serve as a substitute for the treasury of Canada or economic planning. Would you explain exactly what you mean by that.

Mr. MARCHAND: Well, what I mean is this. If there are measures that should be paid for by the consolidated revenue of Canada, I think that the unemployment insurance fund should not be used instead; in other words, if you want a very categorical example, we should not pay family allowances out of the unemployment insurance fund; it should come from another source. As a matter of fact, it does come from another source. This is what I call foreign elements. They are those which are not specifically a matter covered by insurance or that should be covered by insurance. I am referring in particular to all matters that are mostly related to unemployment assistance and what I mean is that the Unemployment Insurance Act has not been drafted in order to take care of the economic depression or massive unemployment in Canada. I think the Canadian government should take that into account.

Mr. CARON: You make a difference between insurance and assistance.

Mr. MARCHAND: Yes, of course.

Mr. CARON: That is what you mean in this.

Mr. MARCHAND: Yes, I think there is a difference which is accepted by almost everybody.

Mr. Pigeon (*Spoke briefly in French*)

Mr. PIGEON: I note that your brief reads:

The government's contribution should represent at least half of the global contributions of employers and employees.

(Mr. Pigeon spoke briefly in French)

(Mr. Marchand spoke briefly in French)

Mr. CARON: Would it not be a good idea to translate what has been said.

Mr. PIGEON: The first remark I made was that I wished to congratulate you because you presented your brief in French and in English. I also mentioned that the manner in which the brief was presented by the Canadian

Labour Congress last week was sufficient reason for you to cease your affiliation with the Canadian Labour Congress. I also made reference to the fact that the government's contribution should represent at least half of the contributions of employers and employees. Taxes are paid by both employee and employer. What is the difference if the employee and employer do not pay the contribution in the same part as the government, because it is the same. The government is run by the taxes of employees and employers.

Mr. MARCHAND: I think the answer is this. If the people covered by the Unemployment Insurance Act were exactly the same as the Canadian taxpayers, I think it would be the same thing to tax them directly through the government or through the unemployment insurance commission. However, I think there is some difference. It is not all the taxpayers who are covered by the Unemployment Insurance Act and who are asked to make contributions. That means if we charge something against the entire population it will mean less for those who are insured than if they alone are to be taxed through the Unemployment Insurance Act. I do not know if it is clear in English, but in French it is very clear.

Mr. PETERS: I was wondering if you had decided on a figure which you would consider fair at which to establish the fund. For instance, we had a little over \$900 million in it previously. What do you consider to be a fair level at which to maintain the fund? Also, how many people would you consider to be an unreasonable amount of insurance risk?

Mr. MARCHAND: I did not understand your question too well.

Mr. MARTIN (*Essex East*): Mr. Peters asked what would be a fair level for the fund to have before it would become perilous or dangerous.

Mr. MARCHAND: I cannot set down any figures; the actuary of the commission is here and can give evidence on that. I think the Canadian Labour Congress indicated in its brief to you that the amount paid out of the fund for the fishermen and seasonal employees represents over \$200 million since 1950, and this amount is the amount that was drained out of the fund for the last few years. In other words, if these expenditures had been paid out of another fund and not out of the unemployment insurance fund, the fund probably would have proven stable, and when it is stable for a certain period of time—eight or ten years—we presume that it is sufficient to take care of the needs. I cannot give you any figures.

Mr. MACINNIS: By those payments you are referring to the payments received by fishermen.

Mr. MARCHAND: Yes, and supplementary or seasonal benefits.

Mr. MACINNIS: Then, so far as the fishermen are concerned, you feel they should not come under the act as is?

Mr. MARCHAND: I think if they are under the act we should provide for a special source of revenue to take care of the benefits paid to them.

Mr. MACINNIS: In other words, it should come out of the consolidated revenue fund?

Mr. MARCHAND: It should not be taken out of the contributions of employees and employers.

Mr. MACINNIS: It follows that you do not think it should come out of the fund as it is set up?

Mr. MARCHAND: No. We have no objection if the government feels it should be by a special measure through the unemployment insurance commission. Maybe it can be done, but I do not believe we can take money out of the fund for measures that naturally do not come under the jurisdiction of the law.

Mr. MARTIN (*Essex East*): You mentioned in your brief about the increase in the rates of benefit.



Mr. MARCHAND: Yes.

Mr. MARTIN (*Essex East*): Do you have anything to say about whether or not the present rates of benefits in the face of existing cost-of-living conditions are adequate?

Mr. MARCHAND: No. The ratio between the benefits and the wages is not adequate. We think it should be increased. I believe that organized labour would have no objection to increased contributions if it means better benefits and is more adequate so far as the cost of living is concerned.

Mr. MARTIN (*Essex East*): You say you do not think organized labour would be opposed to increased rates of contribution if there was a corresponding increase in the rate of benefits; is that what you say?

Mr. MARCHAND: We have never opposed in principle increased contributions.

Mr. McMILLAN: Mr. Marchand, what approximately is your membership in the Canadian Catholic Federation?

Mr. MARCHAND: There are 100,000 members.

Mr. McMILLAN: Have you calculated what extra dues you would have to pay if these proposed amendments went through.

Mr. MARCHAND: No, we have no figures.

Mr. McMILLAN: You admitted that you would prefer that these amendments do not go through. What are your main reasons for that? Is it because of the extra that has to be paid?

Mr. MARCHAND: It is because we think the main feature of Bill C-43 is to increase contributions to take care of the drain that has been imposed on the fund in the last few years. There are some improvements, such as the addition of classes, and we favour that. We also approve the changes in ceiling. But we think that the main feature is the increase in contributions to take care of the deficit in the fund in the last few years. We think this deficit should have been taken care of by some other means. We proposed these means in our memorandum and we do not feel we should have an increase in contributions.

Mr. BROWNE (*Vancouver-Kingsway*): The impression I get from the comments you have made is that you feel that the seasonal workers and the fishermen should properly be on some form of relief by the government instead of coming under the unemployment insurance fund; in other words, it would not make any difference whether the government paid the money into the fund, you feel it should be on a separate basis and that they be paid some form of relief when out of work, rather than the labour force being insured as a whole.

Mr. MARCHAND: Probably the unemployment insurance commission is the proper machinery to deal with seasonal unemployment, but if it is so decided, I think we should have a special source of revenue to take care of this particular group. We have no objection in principle to its being administered by the unemployment insurance commission.

Mr. BROWNE (*Vancouver-Kingsway*): The point I am trying to get at is this. Why do you feel that farmers, wheat growers or soya bean growers should pay into this fund when they are not going to benefit under this act?

Mr. MARCHAND: There are a lot of people who pay contributions and never benefit by it.

Mr. BROWNE (*Vancouver-Kingsway*): You say "do not benefit"; they surely have the protection. Some of us may not benefit from any type of insurance, but we are paying for that protection. These people you are asking to pay into the fund would be paying and getting no protection.

Mr. McDONALD (*Hamilton South*): In connection with the insurance principle, does your congress believe that he who pays should benefit; in other words, the people who pay into the fund should have direct benefits from the fund, is that correct?

Mr. MARCHAND: Yes. Well, they should have protection, not necessarily benefits.

Mr. McDONALD (*Hamilton South*): But to be eligible for the benefit they should pay?

Mr. MARCHAND: Yes.

Mr. McDONALD (*Hamilton South*): Why do you feel that the other people of Canada who are not under the unemployment insurance fund should pay to subsidize the people who are in the fund?

Mr. MARCHAND: You are not speaking of the present situation, because it is the reverse. I think we are taxing the insured population of Canada to pay for social measures that should be paid by the whole population. That is the reverse situation.

Mr. McDONALD (*Hamilton South*): I will give you a specific example. Let us say there are farmers and canning factory employees who do not have any insurance and they cannot benefit from the insurance plan; why should they put in money to subsidize people who are in the insurance plan?

Mr. MARCHAND: Well, you know in any insurance plan you have somebody who pays for his neighbour. That is the basic principle of the thing. Right now in the insured population covered by the law you have a group of people who pay for the others. If you want to avoid that, I think it is better to destroy the whole scheme.

Mr. PETERS: Did you and the advisory committee oppose the inclusion of people other than those who are going to receive benefits; in other words, did you as an advisory committee member—

The CHAIRMAN: We cannot introduce that subject, Mr. Peters. Mr. Marchand is not appearing here as a member of the advisory committee; he is appearing here as a member of the labour organization.

Mr. PETERS: But he was sitting on the advisory committee as a member of his organization. The only time as an organization that you can come before the committee is during the presentation of a brief, but you were going before government as a representative of the advisory committee and there must have been some suggestion made that these things could not be covered. I suppose this was done over the objection or the support of the advisory committee when you brought in seamen and loggers?

Mr. MARCHAND: I have no objection to answering your question, but I think I will have to go into the unemployment advisory committee's report and I would not use that unless I have a formal authorization to use it.

Mr. MACINNIS: I realize the question is quite innocent, but the moment you allow the members to deviate to the unemployment advisory committee, we will not be able to get anywhere.

Mr. MARTIN (*Essex East*): I proposed that we be allowed that information for which you are now asking and we were denied it. I challenged the chairman's ruling and the committee upheld the chair. We are not allowed to examine a member of the advisory committee; in other words the valuable information you are now asking is going to be denied.

Mr. BELL (*Saint John-Albert*): Again, Mr. Chairman, we have to take time out to set the record straight about what has gone on this morning. We are now considering—and this is for Mr. Peters' benefit as he was not here

earlier—the brief of the C.C.C.L. The committee as a whole feels that we should consider the matters that are in the brief and if at a later time we decide that we should have knowledge of the advisory committee or any other matters we feel are important to the bill, then we can discuss that when the time comes. However, at the present time we are considering the brief. I would point out for the information of Mr. Martin and others who do not seem to have any political strategy that there is another side to this story. We will be faced also with the same problem when the international brotherhood comes here and you may be embarrassed at that time. We are running this committee in a sensible and proper way and when we are through with the briefs if we decide we want to call in other witnesses and ask them about their expert knowledge concerning the advisory committee, it can be discussed and voted upon at that time.

Mr. MARTIN (*Essex East*): If you have finished your speech, I would like to say this. You said we would be embarrassed. I would love to hear what the railway brotherhood have to say, and if by that statement you are now willing to compromise and permit us to investigate all of the meetings of the advisory committee, I will accede at once. I did not understand the ruling that we might do this at a later time. I understood that the ruling made by the chair, and supported by the Conservative members of the committee, was that we will not at any time in the deliberations of this committee be allowed to examine any member of the advisory committee.

Mr. SPENCE: That is absolutely wrong.

The CHAIRMAN: May I say for your benefit, Mr. Peters, that there was a motion moved here that they would send for individuals mentioned and then there was an amendment made that it be referred to the steering committee. That was referred and any reference now is out of order.

Mr. PETERS: I did not intend to invoke this argument. The reason I asked it was because I understood Mr. Marchand is the president of the Catholic federation.

The CHAIRMAN: He is secretary.

Mr. PETERS: If I have given him a promotion, I suppose there is no objection, but the reason for asking is because in his association in his official capacity in the organization he must have had some opportunity previously to put forth some of the views that are in this brief. This was my reason for asking it. It is usually quite true that the only time the federation has an opportunity of presenting a brief to explain their position is at a time such as this, but if they appoint someone to the advisory committee, then they are putting forth their views from week to week or whenever they meet. This was my reason for asking the question.

The CHAIRMAN: Now, gentlemen, let us get back to the brief.

Mr. SPENCER: I would like to ask Mr. Marchand a question; it follows up Mr. Browne's question. I am not clear in my own mind in connection with this matter and I think you can help me. I refer specifically to the third paragraph of your brief in which you again speak about unemployment insurance not being a substitute for the treasury of Canada. Now, as I understood your remarks earlier in this meeting, you believe that the seasonal workers are a contributing factor to the depletion of this insurance fund; is that correct?

Mr. MARCHAND: Of course, it has contributed. I think this is a matter of fact.

Mr. SPENCER: And you believe they should be taken care of in some other way; is that correct?

Mr. MARCHAND: I just said we should provide for a special source of revenue to take care of that, and this was recommended to the government.



Mr. SPENCER: Mr. Marchand, did you hold these views in 1950?

Mr. MARCHAND: I told you when those amendments were brought to the law we had no experience and we did not know at that time the exact impact of those supplementary or seasonal workers benefits. Of course, we have had some experience and we saw that it has a serious impact on the fund. We thought it was too serious to be taken care of by the normal contribution of employees and employers and that a special source of revenue should be found and that is why we recommended to the government that this part of it should be increased to take care of those.

Mr. SPENCER: Is there anything wrong with the principle?

Mr. MARCHAND: I said there is no—

Mr. SPENCER: Allow me to finish my question. Is there anything wrong with the principle of seasonal employees being covered by unemployed insurance?

Mr. MARCHAND: No, there is nothing wrong as long as we provide for the proper source of revenue.

Mr. MARTIN (*Essex East*): What you are saying, Mr. Marchand, is that you do not object to seasonal workers being covered but if they are covered out of the unemployment insurance fund, you do not think the cost of that imposition should be borne by the two major contributors; is that correct?

Mr. MARCHAND: Yes.

Mr. MARTIN (*Essex East*): Are you aware that when the fund was used for the purpose of paying supplementary benefits before 1957 on three occasions that each time the fund was replenished out of the consolidated revenues of the government of Canada; are you aware of that?

Mr. MACINNIS: What is this?

Mr. MARTIN (*Essex East*): Give him time to answer the question.

Mr. MACINNIS: In the first place there was not a question asked. Why should I give somebody time to answer a question when there was no question asked. I was going to ask Mr. Martin a question.

Mr. MARTIN (*Essex East*): Let the witness answer.

Mr. MACINNIS: There was no question asked.

The CHAIRMAN: It was a leading question.

Mr. MARTIN (*Essex East*): I am not going to put up with this. I am going to serve notice on you now that if this continues you will not have any other members but one party in this group. I asked this gentleman a question. I asked him was he not aware that on three occasions before 1957 the fund was replenished, and you are now saying that I did not ask a question and that it was a leading question. If this is not evidence of your non-impartiality, I do not know that could be. I asked you to allow the witness to answer a question and instead these school children in front are continually obstructing the work of this committee.

Mr. MACINNIS: Mr. Martin has said that you said there was no question asked. On a point of order, Mr. Chairman, I made that statement and Mr. Martin did not ask "are you aware on three occasions..."; he said "on three occasions...", and then he said "are you aware of that".

Mr. MARTIN (*Essex East*): I have asked a question I want this witness to answer it.

The CHAIRMAN: You have asked a question and I maintain it is a leading question.

Mr. MARTIN (*Essex East*): That does not matter; this is not a court of law.

The CHAIRMAN: It does not matter.

Mr. MARTIN (*Essex East*): I suggest to you that you learn the rules of how to conduct the chairmanship. To suggest this reveals your incompetence to sit in that chair.

Mr. MANDZIUK: I think you should withdraw that statement.

The CHAIRMAN: Your party has been entrenched here for over 25 years and you have reached the point where you think you own the House of Commons. Other people have a right to their views and I rule that way, irrespective of whether or not you think I am incompetent. I am going to exercise my rights as chairman to the best of my ability.

Mr. MARTIN (*Essex East*): All right. I move that I be allowed to ask the question: are you aware on three occasions—

The CHAIRMAN: No, you are not.

Mr. MARTIN (*Essex East*): I am now moving that I be allowed to ask this witness this question: are you aware—

The CHAIRMAN: I am ruling your question out of order right now. Will the chair's ruling be sustained?

Mr. MARTIN (*Essex East*): I am moving—

The CHAIRMAN: I am asking now that the chair's ruling be sustained.

Mr. MARTIN (*Essex East*): I am now stating my motion, and you cannot tell me what my motion shall be. I am moving that my question to the witness be allowed: are you aware that on three occasions prior to 1957 the unemployment insurance fund was replenished out of the consolidated revenues of the nation? Mr. Chairman, you having ruled that question out of order, I now appeal your ruling.

Mr. BELL (*Saint John-Albert*): On a point of order, Mr. Chairman, this matter has already been placed—

Mr. CARON: An appeal on the decision of the chair cannot be discussed; it goes to a vote right away.

Mr. BELL (*Saint John-Albert*): There is still a point of order.

Mr. CARON: Those are the rules of the house, and if you do not know them, learn them.

Mr. BELL (*Saint John-Albert*): I am talking on a point of order.

Mr. CARON: There is no point of order: it is a challenge of the ruling of the chair. Mr. Martin is appealing the ruling of the chair, and there is no discussion on the matter: it has got to be voted on right away, according to the rules of the house.

Mr. BELL (*Saint John-Albert*): That is closure of debate.

Mr. CARON: It is a rule of the house: an appeal against the decision of the chair has got to be voted, without discussion.

Mr. BELL (*Saint John-Albert*): I am not discussing that.

Mr. MACINNIS: I will go along with him answering it; but when Mr. Martin got on his feet originally, he did not ask a question—he just formed the question now. He made a statement before.

Mr. SPENCER: My colleague from Essex East knows I have the greatest respect for him, and I do not think we are at cross-purposes here; but I think we ought to get back on the rails again. I know Mr. Martin, as a very learned counsel, is very adept at asking questions, and so on, and I think we are getting into the realm of cross-examination rather than just plain examination.

Mr. MARTIN (*Essex East*): There is a motion before the chair.

Mr. SPENCER: I think if we could get down to ordinary examination of the witnesses, we will get along with this meeting.

Mr. MARTIN (*Essex East*): There is a motion before the chair.

The CHAIRMAN: The point is, Mr. Martin, I could rule your question out in two ways: the question has been asked and answered by several witnesses before this committee, and it is a repetition of the question, for the purpose of getting it on the record. Your question is now in order, with the fact that you put the "awareness" in it—you did not have that before.

Mr. MARTIN (*Essex East*): You are making a mockery of this committee.

The CHAIRMAN: You put the words "are you aware" in, which you did not put in the first time you presented it.

Mr. MARTIN (*Essex East*): Let the witness answer it now. Would you answer my question now, after all this?

Mr. PETERS: Mr. Chairman, was this motion seconded?

Mr. CARON: Yes, I seconded it.

Mr. PETERS: This motion is not debatable—

The CHAIRMAN: The question is, I said that now he put the words "are you aware" in, he put it into a question, instead of putting an answer in his mouth. Mr. Marchand can answer it now.

Mr. MARTIN (*Essex East*): I want you to know that I did say, "are you aware".

The CHAIRMAN: Not the first time.

Mr. MARTIN (*Essex East*): You say I did not; I say I did, and I am willing to put my word against yours. The record will show. Mr. Peters is perfectly right; you have to conduct this committee according to parliamentary rules, and the motion has been put. If you ask me to withdraw the motion, then we can ask the question; but we must proceed in an orderly way.

Mr. SPENCER: I suggest that if he answers the question he will probably tell us he was not aware.

The CHAIRMAN: Well, will you withdraw your motion?

Mr. MARTIN (*Essex East*): I will be happy to do so, if you will allow the question.

Mr. MARCHAND: I know that the federal government—I do not recall exactly at what dates—took a certain amount of money out of the consolidated revenue to take care of supplementary benefits. To what extent it took care of the supplementary benefits, I do not recall; but I recall the amount of money—

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, we have the unemployment insurance commission men here. Let us get this information and let us have what has been replenished to the fund. We have the men right here who can give the information, and if there are to be any inferences as to what the government did or did not do, let us have it on the record what was replenished in the fund.

Mr. GRAFFTEY: On a point of order, Mr. Chairman, I think, in all fairness—I do not know whether the hon. member, Mr. Martin, was here at the time, but at the last meeting, or the meeting before, I put all that information on the record and I said if that information was challenged, members opposite could call officials from the department. I said the only time there was a transfer from consolidated revenue to the ordinary fund was in 1950, when \$1,800,000-odd was transferred. This was the only time that was ever done.

Mr. MARTIN (*Essex East*): You are giving evidence now.

Mr. GRAFFTEY: I am correcting an impression.

Mr. MARTIN (*Essex East*): I think that debate has long since passed.

Mr. MACINNIS: Mr. Chairman, Mr. Martin's question to the witness was; was he aware that three times that happened.



Mr. MARTIN: Prior to 1957.

Mr. MACINNIS: You have not answered the question as to whether you are aware of three times, whether it was one time, two times, three times, or how many times. You have only made the statement that you are aware that at one time there was money put into the fund from consolidated revenue. On how many occasions are you aware of that—just the one?

Mr. MARCHAND: On this, I will have to consult my—

Mr. MACINNIS: In other words, your answer to Mr. Martin's question is "No"?

Mr. CARON: No; he is sure of one time, but he does not remember—

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I have suggested that, as we have the unemployment insurance commission here, let us please have them put these figures on the record, the contributions the government has made out of consolidated revenue to the fund, and all of them. Let us have them on the record so we know what they are.

Mr. CARON: That is fair.

The CHAIRMAN: Do you agree?

Mr. MARTIN (*Essex East*): I agree with what you say, but I do not believe any member of this committee should be denied asking a witness whether or not he knows a particular fact. This witness has said he is aware that there has been a replenishment out of the consolidated revenue fund. He told Mr. MacInnis he does not know whether that was done three times or not. That is the most he can say. When we have finished with this witness, in an orderly way, we can deal with the figures, when this witness has completed his evidence—not introduce all these by-plays all the time.

Mr. BROWNE (*Vancouver-Kingsway*): You are the one that has brought this point up. If you wanted to ask the question, why did you not ask it of the people qualified to give the information, instead of asking it of another witness here for another purpose entirely?

Mr. MARTIN (*Essex East*): Are you really looking for information, or is this another part of the process of interfering with the right of this minority to find out what this government has done?

We have been denied information. We are members of the opposition. You know why the government has decided to impose these additional burdens; we do not. We would like to find out. You denied it to the committee yesterday and every time we seek to find out, every member of this committee—except Mr. Spencer—seems to obstruct us.

Mr. STANTON: Withdraw that statement. I have never said one word.

The CHAIRMAN: Could I draw to the attention of the members that I have requested four or five times myself previous to this meeting, and on Friday—when I was not here—several members repeatedly asked that we be allowed to put these questions to the members of the unemployment insurance commission, who are in possession of all the facts and all the figures. For some reason or another, in devious ways they have been denied that right. They are the only ones who can give exact figures; but for some reason or another they prefer not to hear them.

Mr. MARTIN (*Essex East*): How can you justify asking the members of the unemployment insurance commission to come and give evidence, when you deny those of us in the minority the right to interrogate members of the advisory committee of that commission? How can you justify that?

Mr. SMITH (*Winnipeg North*): You have not been denied that. That is for the steering committee.

Mr. MARTIN (*Essex East*): I now want to examine Mr. Marchand, who is a member of this advisory committee, and you will not let me.

Mr. SMITH (*Winnipeg North*): It is in the hands of the steering committee, and you have not been denied anything.

Mr. MARTIN (*Essex East*): Are you saying that you will allow us—

Mr. SMITH (*Winnipeg North*): I will not say what the steering committee has decided to do; but you have not been denied anything. You are giving a false impression.

Mr. BROWNE (*Vancouver-Kingsway*): It is obvious, anyway, that Mr. Martin does not want the information in the record.

Mr. PETERS: Mr. Chairman, as a member of this committee, I want both of these organizations before us and I want all the information. I have definite views of what we are doing in these amendments, and I do not like what we are doing. I am using as a basis for that premise the fact that I have arrived at a certain theory, and if this is not correct, then I would like to know. I worked with a number of these workers in the lumber industry, in the I.W.A., who are concerned with seasonal unemployment. I know these people and I want to do as much as possible for them, and I want to do it in as sound and sensible a way as we can.

I think both these organizations are going to be called, and I am not happy with these continual wrangles we are getting into in regard to every procedure.

I think this committee should agree that we are going to see all this information and we are going to hear it all. Then I think the steering committee could be very definite as to how we are going to do it. One of the reasons we are interested in questioning Mr. Marchand in things that are not his responsibility as secretary is simply because we are not sure we are going to be able to talk to Mr. Marchand again in another capacity. I think this is causing a great deal of friction that is not necessary at all, if we agree that the government members on this committee are not going to oppose our having the opportunity of ascertaining certain other information. I think that is all we ask, and if that is granted, there is not going to be this continual hassle that we are having.

The CHAIRMAN: I do not know how I can emphasize it any more than I have, Mr. Peters, that the individuals who are the officials of the department have all the statistics and everything, and they will not be giving any evidence here except as to information for which they are asked.

The officials are here and have the answers, and they can give answers to anything you ask at the present time. In fact, their information comes from the same source as that of the committee you talk about, and they are right here for that purpose, the same as they are in the house. Anything a member in the House of Commons wants to find out in connection with figures relating to unemployment insurance, seasonal benefits, or the supplementaries, they have it at their fingertips, and what surer source could you get of evidence than that? But for some reason or another, they do not want to hear them until they hear someone else. It seems to me that is the way it stands. We want to hear these gentlemen, and you can put all the questions you like to them and they will answer them.

Mr. BELL (*Saint John-Albert*): If Mr. Martin is through with Mr. Marchand, I have a question along the same subject that I would like to ask him.

The CHAIRMAN: Proceed.

Mr. BELL (*Saint John-Albert*): Mr. Marchand, with respect to page three in your brief, you say that on many occasions you have asked the government to extend the coverage provided by the act, and you also mentioned, with respect to the supplementary benefits in 1950, you had not had much experience

with that type of change. The other day Mr. Andras, in reply to a question, said that in 1950—when they made these substantial 15 per cent increases and brought in the supplementary benefits—the Canadian Labour Congress attempted to make these representations to the government.

He said—and these words are, I think, on the record: “But this legislation was rushed through the house in a few hours”.

I am wondering if you agree with that, and if you have the same type of knowledge, or if you feel that you had an opportunity at that time to make your representations known?

Mr. MARCHAND: Is it possible to have the exact statement of Mr. Andras?

Mr. BELL (*Saint John-Albert*): Yes; I think it is up there on the record.

Mr. MARCHAND: I would prefer to have it read so I know exactly what he said.

Mr. MARTIN (*Essex East*): Mr. Chairman, I want to say a word on behalf of Mr. Grafftey: he has been trying to ask a question, but he cannot catch your eye.

The CHAIRMAN: I am trying to find this point that has been brought out.

Mr. BELL (*Saint John-Albert*): I am sorry to take the time of the committee, but I think this is fairly important.

The CHAIRMAN: Mr. Bell was in the chair when it was made.

Mr. BELL (*Saint John-Albert*): Mr. MacLean asked the other night:

You will recall that these rates were increased by approximately 15 per cent in 1950. I understand the reason was to cover the seasonal benefits. Has the Canadian Labour Congress or yourself made any representations, or were any public representations made at that time?

Mr. ANDRAS: Let me put it to you this way, and as frankly as I know how. The act was introduced in parliament with startling abruptness. It was given first, second and third reading in a matter of 24 or 48 hours. The only kind of representations we were able to make was afterwards. The thing went through the house so quickly that we were dismayed. While ostensibly the act was to deal with supplementary benefits, there were a variety of other amendments which were put through to which we took objection subsequently.

Mr. PETERS: Where was the Conservative opposition?

Mr. MARTIN (*Essex East*): Let him answer that.

Mr. MARCHAND: What is your question now?

Mr. BELL (*Saint John-Albert*): I was asking if you agreed, from your knowledge, with what Mr. Andras thought was his interpretation of that procedure in 1950?

Mr. MARCHAND: I know that on supplementary benefits we discussed it, or we made representation to the government once it was already law.

Mr. BELL (*Saint John-Albert*): Afterwards?

Mr. MARCHAND: Afterwards. We did not make it prior to that.

Mr. MARTIN (*Essex East*): Mr. Marchand, were you shown the amendments of this bill, either in their present form or in any form, by the present government before you saw them in the press?

Mr. BELL (*Saint John-Albert*): Mr. Chairman—

Mr. MARTIN (*Essex East*): Let him answer that question.

Mr. BELL (*Saint John-Albert*): I am talking about 1950.

Mr. MARTIN (*Essex East*): I am talking about this bill. Can you answer that question, Mr. Marchand?



Mr. MARCHAND: No, it was not—

Mr. BELL (*Saint John-Albert*): Mr. Chairman, I am asking three questions and I am going to follow them up.

Mr. CARON: On the question of Mr. Martin, Mr. Chairman—

The CHAIRMAN: Mr. Bell has the floor.

Mr. CARON: We want to prove something before he goes on.

Mr. BELL (*Saint John-Albert*): There are certain things that—

The CHAIRMAN: Order. Mr. Bell has the floor. I will give other members the floor when they want it.

Mr. BELL (*Saint John-Albert*): I have never seen such discourtesy to an individual in all my life as Mr. Caron and Mr. Martin are showing.

Mr. CARON: The way you are questioning, yes, you are right.

Mr. BELL (*Saint John-Albert*): You have commented on this, Mr. Marchand, and I would like to know if you know—and I asked this question before—who was the acting Minister of Labour at that time who put this legislation through the house with, in the words of the Canadian Labour Congress:

...startling abruptness. The only kind of representations we were able to make was afterwards. The thing went through the house so quickly that we were dismayed.

Do you know who the acting Minister of Labour was at that time, in 1950, who piloted this legislation through?

Mr. MARCHAND: Yes, I recall.

Mr. BELL (*Saint John-Albert*): Would you put his name on the record?

Mr. MARCHAND: I think it was the hon. Mr. Gregg.

Mr. BELL (*Saint John-Albert*): We will have to search the records, because my information was that it was the Hon. Paul Martin, who has just left the committee.

Mr. CARON: Mr. Chairman, may I ask a question?

The CHAIRMAN: Yes.

Mr. CARON: Mr. Marchand, if, according to your recollection it went through that fast, is it not your impression that the members of the opposition who were in the minority were not on their feet fast enough to help you out with this matter?

Mr. MARCHAND: I was in the House of Commons at that time, and I can say who was fast and who was slow.

Mr. CARON: That is all right; I just wanted you to state it.

The CHAIRMAN: We will get back on the brief. Are there any further questions?

Mr. BEECH: Mr. Chairman, if large amounts of public money are continually to be poured into the unemployment insurance fund, should not it be made out on a means test basis?

Mr. MARCHAND: As long as it will be in insurance, I think it is not a danger. If it becomes an assistance law, of course I think there is a danger. You will have to pay contribution, and I think it will have to be an insurance and not an assistance board. If you ask me, "Can it happen?", everything can happen under the sun, of course; but I think there would be quite an opposition if ever it was presented in that form, that we have a means test, after having paid for an insurance.

Mr. BELL (*Saint John-Albert*): Do you not think that there would be a great danger?

Mr. MARCHAND: I do not know if I got your question right.

Mr. BEECH: That is the point I wish to raise. This becomes a welfare fund and not an insurance scheme at all; that is the danger.

Mr. GRANGER: Mr. Chairman, this is along the same lines. You were asked, Mr. Marchand, with respect to the unemployment insurance for fishermen—which I understand applied to the question—and you said that you would deny unemployment insurance to seasonal workers and fishermen unless there was some special provision made, say, to consolidated revenue. But in view of the fact that on previous occasions money has been poured into the unemployment insurance commission fund from consolidated revenue, would you still deny unemployment insurance to seasonal workers and fishermen?

Mr. MARCHAND: Well, in any statement, first, I would not like to be quoted wrongly on this. We are not opposed to payment of benefits to seasonal employees and we are not opposed to some kind of relief to the fishermen. We have no objection and that is why the attitude we have taken is to have a special source of revenue to take care of those expenditures.

Now, I think that you will have to make a distinction between the fishermen's case and the seasonal employees. It is not exactly the same thing. I think as far as the fishermen are concerned, there should be a special measure for them.

Mr. McDONALD (*Hamilton South*): In other words, you think there should be two plans?

Mr. MARCHAND: Well, as far as the other, I think it could follow under the law with special provision as far as the sources of revenue are concerned. The attitude we have taken is not to oppose it; we have never taken this attitude. We want everybody to have relief when they can, but the problem is to know who is going to pay for it.

Mr. PETERS: Has your congress given consideration to an increased risk contribution in the payment of unemployment insurance? That would be, for instance, if the unemployment risk in fishing was much greater than it is in the automobile industry or textile industry, has your organization given any consideration to its being a greater risk contribution?

Mr. MARCHAND: Well, it might be a solution. I think that is a problem that the actuaries should settle, how to have a sound basis.

Mr. PETERS: Is the principle of increased risk contribution faced by your organization?

Mr. MARCHAND: Well, you know of these problems because there are many and one is, for example, that if a fisherman does not catch anything in one year he is not entitled to any insurance benefit. If he has no catch he has no revenue because his contributions are taken out of the revenue he makes from his catch. If he does not catch anything, I understand the law is he is not entitled to any benefit at all and he is probably the one who needs it. That is why we think the whole thing has to be reshaped so that it is sound and so that the insured population will not be the sole people to pay for the cost of this relief.

Mr. PETERS: Would it be safe to say that that is one of the objectives of your organization as far as the fisherman is concerned, because of the fact that his contribution is not based on an hourly rate or on an hourly unit of work, or a sum of money he gets for a period of time; in other words, if he is not operating twelve weeks, or fifty weeks, or fifteen weeks and has not a certain amount of cash, his contributions are based upon the fish he catches. Would the organization go along with the fact a contribution like that is a labour contribution rather than a general contribution?

Mr. MARCHAND: Well, I might tell you it might be a solution. I do not know how practical it is. It might be a solution to it. I would like to see the fishermen have some kind of benefit or relief. I would like to have that because they are citizens of Canada and they are entitled to the same protection as any other citizen. The only other problem is how it is going to be available. We think the way it is being operated now it is coming out of the insured population.

Mr. PETERS: Does your organization think that the contributions should be actuarially sound to cover the special risk of the unemployment insurance set-up? It should not include recessions or an economic depression which is the responsibility of the country itself. This may apply also to the fishermen?

Mr. MARCHAND: Yes.

Mr. PETERS: Could I ask you, the contributions that are being asked for, we are asking for a 30 per cent increase in contributions, does your organization consider this is fair in relation to the percentage of benefits you are going to receive?

Mr. MARCHAND: No, we think it is unfair. We think it is unfair and we see no justification at all for this increase if there is no increase in the benefits.

Mr. PETERS: In other words, your organization would only support this increase in contribution of 30 per cent if there is an increase in benefits?

Mr. MARCHAND: Yes.

Mr. MACINNIS: Mr. Chairman, Mr. Martin made a statement earlier and Mr. Granger has brought out again that this contribution to the consolidated revenue fund was made, on Mr. Granger's words, on different occasions. My question is, how many occasions are you aware of that these contributions were made to the fund?

Mr. MARCHAND: I said I did not know, I do not recall. I know they were done at least once, because I recall that.

Mr. MACINNIS: Getting back again to Mr. Martin's statement to which he attached a question after making it, and getting back now to what Mr. Granger just said, "on occasions", your answer to both these gentlemen, then, must be no?

Mr. PETERS: No, I do not think that is fair.

Mr. MACINNIS: Mr. Chairman, he either answers he knows the number of occasions or he does not know.

Mr. PETERS: That is a question like, "Have you quit beating your wife yet?"

The CHAIRMAN: Now just a minute, I did not have anyone interrupt you in your talking and I think the members should be allowed to continue. You will have your say afterward.

Mr. CARON: He has not the right to state in place of the witness no or yes. It is up to the witness to say yes or no.

The CHAIRMAN: We will decide that. The witness does not have to answer unless he wants to.

Mr. MACINNIS: You are aware that contributions were made to the fund?

Mr. MARCHAND: Yes.

Mr. MACINNIS: How many contributions are you aware of?

Mr. MARCHAND: I told you I was aware of at least one. For the others, I do not recall.

Mr. MACINNIS: What others? You speak of others.

Mr. MARCHAND: No, it was in the question.



Mr. MACINNIS: May I put my question again? You are aware of contributions being made?

Mr. MARCHAND: Yes.

Mr. MACINNIS: How many are you aware of?

Mr. MARCHAND: I said one.

Mr. MACINNIS: Then you started speaking of "others". Why speak of others if you are not aware of them?

Mr. MARCHAND: All right; I did not speak of others.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I would like to move at this time that we have the officials of the Unemployment Insurance Commission place on the record the number of contributions that have been made out of consolidated revenue to the unemployment insurance fund and the amount.

The CHAIRMAN: And when?

Mr. BROWNE (*Vancouver-Kingsway*): Since the inception of the fund.

Mr. CARON: Are you suggesting a question, Mr. Chairman?

The CHAIRMAN: He is putting the question.

Mr. CARON: I am suggesting it is not the role of the chairman to suggest questions.

The CHAIRMAN: The point I was trying to bring out there was, Mr. Marchand did say there were others, and he also said there was only one. It seemed to give the impression that perhaps there were others. I asked him if there were any others and if so that we would like to have the information here from the members of the Unemployment Insurance Commission.

Mr. MACINNIS: One thing we have to be in this committee is consistent. If there is going to be anything placed on the record from the Unemployment Insurance Commission it should be done after this meeting and referred to the steering committee, which could remain in this room, and treat it in the way it should be treated. In all fairness to the member from Essex East, he has departed from the meeting as he did from a previous meeting, I think nothing can be done until the steering committee comes back with a report as to what the advisory committee or the Unemployment Insurance Commission is going to do.

Mr. PETERS: I second the motion.

The CHAIRMAN: We will hear from them, but we will get the wording and then we will hear about it. Are we in favour of hearing from them?

Mr. PETERS: I understand Mr. MacInnis was making a motion.

The CHAIRMAN: Are you in favour of us hearing from the Unemployment Insurance Commission officials?

Mr. CARON: On that point.

The CHAIRMAN: On that one point.

While we are having the motion written out I think it was suggested, when we first started, we would speak to briefs and have questions where they were pertinent, and if the U.I.C. were here we could get the information needed instead of going into a discussion with the witnesses.

It has been regularly moved and seconded that the officials of the Unemployment Insurance Commission place on the record the number and amount of contributions to the unemployment insurance fund out of the consolidated revenue.

Mr. MACINNIS: I question, Mr. Chairman, this is the same motion as the one made earlier in reference to the advisory committee—

Mr. SMITH (*Winnipeg North*): No, it is not, the other was on the advisory committee.

Mr. MACINNIS: It is along the same line. It is deviating from the fact that we are now here for one purpose, of discussing the brief, and we cannot deviate. We must be consistent in that we attend to this brief, discuss this brief, the primary purpose of coming here. If there is any further evidence to be brought in by the commission or the advisory committee, action on this can be taken following the meeting of the steering committee that was also referred to and I think we want to be consistent.

Mr. BROWNE (*Vancouver-Kingsway*): I just want to make this point. There are several members of this committee that have perpetually referred to replenishment of the fund out of consolidated revenue. They have inferred it has been done several times, many times, and we have a proposal here in this brief that money should be used from the consolidated revenue. I would like to find out at this time so we can understand better what precedents there are for such a course and what contributions have been made from it previously.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, I think we can compromise here. Mr. MacInnis is substantially correct when he says we should not interrupt our questioning of Mr. Marchand. Perhaps we can finish up with Mr. Marchand in a few minutes and, after he has taken his place out of the witness box, then we can briefly bring forward the Unemployment Insurance Commission officials themselves. If it is the pleasure of the committee, at that time they can place these figures on the record and I think everybody would be happy.

The CHAIRMAN: We will leave the motion in abeyance until we get through with Mr. Marchand.

Mr. BEECH: Mr. Chairman, on the extension of coverage here, I notice it says "many other categories should also be covered". I wonder if Mr. Marchand would care to elaborate on that. What others do you have in mind?

Mr. MARCHAND: Well, the civil service could be covered right now. I am talking of the civil service of the provincial governments, providing that the provincial government agree to have their employees covered.

Now, I am referring particularly to the hospital employees in that memorandum. We see no reason for them not being covered. We have recommended that. I know that the commission recommended that to the government. We know that the advisory council has recommended it many times and it was never done. It is surely a group of employees who deserve protection and we feel that they should be covered.

There is no reason, and no reason was ever given to us, for this exclusion of the hospital employees. Now, I know there are many surveys made by the commission of some other groups that could be eventually covered by the law and I think this should be considered very seriously by the government so that the maximum of the population is covered under the present conditions.

Mr. BEECH: Mr. Chairman, is it not true that some of these categories can elect to take insurance if they wish?

Mr. MARCHAND: Yes, as far as the civil service is concerned, that is true; not the employees themselves. Their governments, or the municipal governments, can elect to cover their employees.

Mr. BEECH: But I am speaking about a library board, for instance. At home I am on the library board and the employees of the library board can elect to pay unemployment insurance or not. As a matter of fact they have to sign a certificate to say they are not going to apply. I wonder how many of these are in that branch?

Mr. MARCHAND: Well, I think we are interested particularly in the hospital employees because the survey was made. It was found sound from an insurance point of view. We know from a labour point of view that this group needed protection. Everybody was in agreement that it was never amended. The law was never amended to cover them and they are not free to elect to be covered.

Mr. PETERS: Could I ask Mr. Marchand a question? You mention here in page four of the brief:

The increase of admissible income of an interesting element in bill C.43. The application of the new scale will probably cause a number of injustices, but your committee can no doubt correct that through necessary amendments.

What are the injustices that you see inherent in this scale?

Mr. MARCHAND: Well, I think you already have that in the Canadian Labour Congress brief. In one case, these will be entitled in the future to only \$12 a week and they were entitled to \$13 with the law before amendment. This is, I think, an anomaly that should not be there.

Mr. PETERS: Probably just an oversight in drafting the bill?

Mr. MARCHAND: Yes.

Mr. CARON: Mr. Marchand, are you under the impression that the increase in contribution will be sufficient to replenish the fund?

Mr. MARCHAND: This I cannot answer because it is an actuarial problem. Honestly, I cannot figure that out.

Mr. CARON: It has not been studied by you?

Mr. MARCHAND: No.

Mr. McMILLAN: Mr. Chairman, will we have an opportunity to examine the witness again? There are several questions and I notice it is one o'clock. You have a motion before you. I do not know whether we are out of order, or not.

The CHAIRMAN: The motion I left in abeyance.

Mr. SPENCER: Let us try and finish with the witness.

Mr. McMILLAN: I just asked one question and somebody else took it up. I did not get a chance to ask any more.

The CHAIRMAN: Go ahead and ask.

Mr. McMILLAN: I would like to ask the witness if in his dual position—and he has served in a dual position—

The CHAIRMAN: He is not in a dual position here, he is just as a member of the Canadian Catholic Confederation of Labour.

Mr. McMILLAN: But his sum total of knowledge is because he held a dual position, is that not right?

The CHAIRMAN: Well, Mr. McMillan, we took the position with Mr. Urquhart of the Canadian Construction Association that he was in a dual capacity and he had to elect which one he was going to represent. He elected to represent the Construction Association and Mr. Marchand is in the same position. He is here on behalf of the Canadian Catholic Confederation of Labour. He has come here in that position and he cannot appear in a dual capacity.

Mr. McMILLAN: I will accept that. I did not get his answer a while ago. Was any labour organization consulted at all or did they know anything about it before they saw the account of this amendment in the press?

Mr. MARCHAND: No, we were never consulted prior to this bill being filed.



Mr. McMILLAN: I think you said earlier you referred to the increase as an extra tax on the working man. I think you used that word, am I not right?

Mr. MARCHAND: I am not sure.

Mr. McMILLAN: I think you said it would be an extra tax on the working man and that you thought it should be spread over the general population.

Mr. MARCHAND: Well, if we are right in stating that in introducing those elements into the law, we are asking the insured population to pay for something that the whole population should pay for, of course it will mean to that extent that it is a specific fixation on the insured population.

Mr. SMITH (*Winnipeg North*): Mr. Marchand, you said you were not consulted on the amendments before us today before they were introduced into the house. Were you ever consulted in the past on amendments before they were introduced into the house?

Mr. MARCHAND: Yes, we were.

Mr. SMITH (*Winnipeg North*): On what occasion?

Mr. MARCHAND: Well, I recall when the law was rewritten, I think in 1955, we had the bill many months prior to discussions in the House of Commons.

Mr. SMITH (*Winnipeg North*): But on specific amendments, for instance, in 1950 when contributions were increased, you were not consulted before the amendments were filed?

Mr. MARCHAND: I do not recall being consulted at that time.

Mr. McDONALD (*Hamilton South*): One thing I would like to clear up. I believe there are 4,500,000 people who can contribute into the unemployment insurance fund and the labour force in Canada is somewhere around 6,500,000 people. Is it your plan that the 2,000,000 people who are not in the fund should contribute by general taxation to subsidize the amount of people who can benefit from the fund?

Mr. MARCHAND: Do you mean those 2 million who are not in the fund, if they are introduced or covered by the law, that means that they will subsidize the insured population?

Mr. McDONALD (*Hamilton South*): No; what I mean is this. I will try to explain myself properly.

Mr. MARCHAND: Try it in French.

Mr. McDONALD (*Hamilton South*): There are 4,500,000 people who pay, shall we say, premiums for insurance.

Mr. MARCHAND: About 80 per cent of the population.

Mr. McDONALD (*Hamilton South*): There are about 2 million people who do not pay into the fund?

Mr. MARCHAND: Yes.

Mr. McDONALD (*Hamilton South*): Your proposal is that the money to increase the indebtedness to the fund should be taken out of general taxation?

Mr. MARCHAND: Yes.

Mr. McDONALD (*Hamilton South*): Well then, you want the 2 million people who do not benefit from the insurance fund to subsidize the people who do?

Mr. MARCHAND: No.

Mr. McDONALD (*Hamilton South*): Then you want everyone in Canada to pay into the insurance fund, the whole labour force?

Mr. MARCHAND: No, what I said and—well, I believe it is clear, at least in my mind, I said that if you introduced in the law elements which are not

related directly to an unemployment insurance scheme there might be no objection to it as far as we provide for the proper source of revenue. In other words, there is no objection in principle, that the Unemployment Insurance Commission should use the family allowance. I would not have any objection if administratively it could be done. I would have no objection providing they give the money to the commission to deal with that. If you want to take out of the fund the money necessary to pay the family allowance, there I will say it is wrong, and this is why we submit that there are some elements now covered by the law that should be taken care of, not through the unemployment insurance fund, but through the consolidated revenue.

Mr. McDONALD (*Hamilton South*): In other words, these certain elements would be the seasonal people you do not want to be in the regular fund?

Mr. MARCHAND: Yes, seasonal and fishermen.

Mr. CARON: Mr. Chairman, being after one o'clock, and having a lot of questions to put yet—I do not think we can finish today—I would move that we adjourn.

The CHAIRMAN: Well, we had better decide just when we want to meet again.

Mr. MACINNIS: Mr. Chairman, I think questions like this should be left to the discretion of the person presenting the brief as to whether they are available to come back or at least give them an opportunity in any case. There are a lot of people to be heard. We cannot be putting things off from time to time. We do have a group that attended here before coming back and eventually everybody will be leap-frogging one another. When this committee will wind up this business is too far in the future as it is now. I think while we have somebody here presenting a brief we should either have the courtesy of going over the brief or leaving them the choice whether they come back or not.

The CHAIRMAN: We have the power to meet when the house is in session. If we thought we are not making progress with our work, we will probably come to that.

Mr. McDONALD (*Hamilton South*): If the gentlemen are willing we could come back at 3.30 after Orders of the Day until we finish this witness.

Mr. CARON: Well, it will depend upon what is going on in the house.

Mr. SPENCER: Let us go on now and finish with the witness.

Mr. CARON: Is there anybody in possession of what is going to come on this afternoon?

Mr. BROWNE (*Vancouver-Kingsway*): The energy bill is on.

Mr. BELL (*Saint John-Albert*): Well, Mr. Chairman, I think we have had a very good discussion this morning and we have obtained a lot of information. My personal opinion would be that if we can keep our questions down to a minimum in the next few minutes we might be able to dispose of Mr. Marchand.

It would avoid having to make a decision which we do not want to make, as yet, whether we will sit when the house sits. That is the dilemma we are in, Mr. Caron, and others. I think if we can try and wind up our witness in the next few minutes we will not have to make that decision.

Mr. CARON: I do not think we can finish in a few minutes. We have a lot of questions yet. We had very few questions put throughout this and we have not the time to do so. We have some other work to do. There is not only the one committee, there is a great deal of work to do. We have to see what is going on this afternoon, we have to get ready for that meeting and I do not think you can impose upon the minority the obligation of being here, because we are only a few in the house and we have to attend to a lot of things.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, we have tried now to accommodate the Committee. They say they have to be somewhere else and they have no time for this committee. I do not see how that should prevent the rest of us from going on. I say, if it is not too lengthy, to go on now when there is no other business going on. I think we can finish this in a short time. I would move that we sit this afternoon at 3:30 if we do not think we can finish now.

The CHAIRMAN: Let me make an observation here. So far, the questions that have been asked towards this brief are identical with those asked on the brief presented by the Canadian Congress of Labour. There have not been further questions and a lot of these questions have been asked of the Canadian Manufacturers' Association, and others. We have on record pretty well the gist of what we want, and I think we could meet this afternoon to try to finish up. What we do not get will be covered again by the Canadian Congress of Labour on Friday morning.

Mr. CARON: Could we not ask them to come with the Canadian Congress of Labour on Friday morning? That would reduce the time.

Mr. MACINNIS: Mr. Chairman, we have already run into a little difficulty with the Canadian Manufacturers' Association. It was not what you would call the ideal situation, so I think from now on we will deal with parties presenting briefs individually. They deserve that courtesy and I think we should follow that.

The CHAIRMAN: Then it has been moved and seconded that we meet after the orders of the day, presumably 3:30, or whatever time it is. Is that agreeable to you, Mr. Marchand?

Mr. MARCHAND: Well, with your decision, of course, I would not like to be in a position where I will have refused to answer questions.

Mr. MACINNIS: It is not that, Mr. Marchand.

Mr. McDONALD (*Hamilton South*): We will be willing to sit right now if you would prefer to do so.

Mr. MARCHAND: Of course, I would rather finish right now but I will stay here as long as you feel it necessary.

Mr. SMITH (*Winnipeg North*): Would not the Liberal members agree to sitting here and accommodating Mr. Marchand, who has put a lot of time and effort into it.

Mr. CARON: I would not object if this afternoon we could be out of the house without disturbing the other members of our party. It is not because we object just for the pleasure of objecting.

Mr. McDONALD (*Hamilton South*): Mr. Caron misunderstood. Mr. Marchand said he would like to continue to sit right now, if possible, and get this finished, rather than come back this afternoon. I think since he has come all this way to present this brief that we should give him the courtesy of sitting here even until two o'clock.

The CHAIRMAN: Is that agreed?

Agreed.

Mr. CARON: I object. We have other work to do and if you are going to do that, I think we will have to withdraw from the committee.

Mr. SPENCER: That is up to you.

The CHAIRMAN: Who has a question?

Mr. SMITH (*Winnipeg North*): Mr. Marchand, you mentioned in your brief that you endorsed the brief presented by the Canadian Labour Congress. In their brief, they suggested a formula of contribution 50-50-50, that is, increasing the government contribution.



In the present estimates for the next fiscal year there is an item in the labour sums providing for \$35,179,000 for administration of the unemployment insurance scheme. Would you, in the light of the fact that you advocate an increase in the government contribution, think that the government should increase its contributions and continue to pay for the whole administration, or do you think that the administration costs should be split up between the employer, the employee, and the government?

Mr. MARCHAND: No. What we are asking for is that the government contribution be increased, and that the burden shall remain on the government.

Mr. MACINNIS: I would like to draw to your attention, Mr. Chairman, and to that of the clerk of the committee, that the Conservative members alone with the C.C.F. members of this committee have stated that we should continue this discussion at the desire of Mr. Marchand who said he would like to continue and finish the business of the committee.

The fact that the Liberal members have walked out is in no way a reflection on the chair, and is not in accordance with your wishes or those of any member of this committee because we, along with Mr. Peters of the C.C.F. are abiding by the wishes of the gentleman presenting this brief.

The CHAIRMAN: Do you want to ask questions, Mr. Peters? If not, do you want to ask questions Mr. Grafftey?

Mr. GRAFFTEY: No, I have already asked my question.

Mr. BELL (*Saint John-Albert*): I think we should thank Mr. Marchand for his excellent brief. I think he deserves special credit in answering the questions as frankly and as forthrightly as he has, particularly in English which is not his mother tongue. We all appreciate it very much. I think I speak for everybody—and we consider it has been a very profitable morning as far as information is concerned.

Mr. GRAFFTEY (*In French*).

The CHAIRMAN: I think a motion was held in abeyance by Mr. Browne, seconded by Mr. Peters, that we hear from the unemployment insurance officials in regard to the assistance that was asked for. Are you ready for the question? All in favour? Contrary minded, if any? I declare the motion carried.

Perhaps Mr. McGregor or the appropriate departmental official would now come up to the head table.

Mr. McDONALD (*Hamilton South*): Some statements were made in regard to unemployment insurance. In 1950 did the government of that day put money into the unemployment insurance fund which was taken out of the consolidated revenue fund.

Mr. J. MCGREGOR (*Director of Unemployment Insurance, Unemployment Insurance Commission*): In regard to supplementary benefits, yes.

Mr. McDONALD (*Hamilton South*): How much was that, sir?

Mr. MCGREGOR: May I make a statement, Mr. Chairman?

Agreed.

This benefit came into effect on February 28, 1950.

That original legislation provided for four classes of seasonal benefit—the two that are still in effect (with subsequent amendments)—then known as classes 1 and 2—and two additional classes 3 and 4.

To provide for the cost of classes 1 and 2, contribution rates, which were then on a daily basis, were increased two cents per day (one cent by employers and one cent by employees)—an increase that amounted to some 15 per cent in the highest brackets of earnings as then determined.

Class 3, which provided for seasonal benefit being paid to workers in lumbering and logging—not then covered by the act but who became insured on the following April 1st—was paid from the consolidated revenue fund.

Class 4, provided for seasonal benefit being paid to persons whose employment became insured in the previous twelve months and had been in that employment for not less than 90 days but who could not qualify for regular benefit. The cost of this was also borne by the consolidated revenue fund.

The total cost of these two classes was \$1,826,832.90, from vote 585.

Mr. McDONALD (*Hamilton South*): There was one contribution in 1950 of \$1,800,000 odd?

Mr. MCGREGOR: In 1949-50 there was a contribution around February or March of \$90,486.66 from vote 585. In the fiscal year 1950-51 there was a contribution of \$1,728,964.94 from vote 597. In 1951-52 there was a contribution (a little bit of cleaning up) of \$9,564 from vote 717. In subsequent years there were credits which came back to the fund in the amount of \$2,200.

Mr. McDONALD (*Hamilton South*): You were just keeping up with the balance.

Mr. MCGREGOR: That is right; keeping things cleared up.

Mr. BELL (*Saint John-Albert*): What was the reason for those two small amounts?

Mr. MCGREGOR: This went into effect on February 28, 1950 which was pretty close to the end of the fiscal year. \$1,728,964.94 was carried into the next fiscal year before it was reimbursed to the fund.

Mr. BELL (*Saint John-Albert*): Would it be fair to say there was just this one large \$1 million odd payment, but due to this particular time of year it was spread over into other payments?

Mr. MCGREGOR: That is right.

Mr. BROWNE (*Vancouver-Kingsway*): The purpose of these contributions from the consolidated revenue fund at that time was to provide for people who were not covered under the act, and it is not in any way comparable to making contributions from the consolidated revenue fund to the increases we are proposing now?

Mr. MCGREGOR: No. These were people coming into the act. They were not in at that time.

Mr. PETERS: That was in 1950, at the setting up of the supplementary benefits. But were there any contributions made at a later date due to the government's feeling about 1955 that the general state of the fund would be much better served if more money were put into it, and were not certain moneys from the general revenue put into it at that time, around 1955-56?

Mr. MCGREGOR: Not to my knowledge. The only money from the consolidated revenue fund was the annual government's share.

Mr. PETERS: There has not been any additional money added because of the drain on the fund?

Mr. MCGREGOR: Not to my knowledge.

Mr. PETER: Would you know if there were?

Mr. MCGREGOR: Yes, because I checked.

The CHAIRMAN: Are there any more questions.

Mr. SPENCER: That had nothing to do with clauses one and two?

Mr. MCGREGOR: No.

Mr. McDONALD (*Hamilton South*): It is clear that there were people coming into this.

Mr. BELL (*Saint John-Albert*): Who was the minister who piloted this legislation through the house in 1950?

Mr. MCGREGOR: Mr. Martin was the acting minister of labour at that time.

Mr. PETERS: This second bureau of statistics we have is not working very well.

Mr. BEECH: What would it cost if they had carried out the proposal in the brief that the government's contribution should represent at least half of the total contributions of employers and employees?

Mr. MCGREGOR: The estimated annual contribution required would be \$337 million. If that were split between, the employer, the employee and the government—each would pay roughly \$112 million. The government contribution for last year, 1958-59 was approximately \$39 million so there would be an increase to the government of \$73 million. Does that answer the question?

Mr. BEECH: It would not represent one-third?

Mr. MCGREGOR: Yes, it would be one-third of the total contribution. The employer would pay one-third, the employee would pay one-third, and the government would pay one-third.

Mr. BEECH: It says that the government's contribution should represent at least half of the total contributions of employers and employees.

Mr. SPENCER: That makes one third of the whole.

Mr. PETERS: Mr. Chairman, there are a number of questions I would like to ask Mr. McGregor that I am not prepared to ask him now. They concern a number of other phases. For instance, I would like to ask about the actuarial figures of what is considered to be the normal amount of unemployment—what the figure would be—and I would like to request that Mr. McGregor be called at some time to give this type of information.

The CHAIRMAN: We have the individuals from the department here for that purpose, and I am trying to relate it in, as I consider it to be in order with something brought up in the brief. You are asking a question of the witnesses: they could not give the information, quite obviously, because they would not have the figures. They have been waiting here since we started, and they would have figures, I think, as they related to the brief—not as are related to the operation of the department—because I felt you were entitled to that information.

Mr. PETERS: Could Mr. McGregor be available at some later time?

The CHAIRMAN: Just as it pertains to anything that affects the brief that you want to clarify. That is what the department is there for.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, could we adjourn?

The CHAIRMAN: On Thursday we will meet in room 253—this room—to discuss the board of trade of Metropolitan Toronto and the Canadian Retail Federation. We will meet at 9.30.

—The committee adjourned.





*Gov. Doc. Canada. Industrial Relations  
Com. Standing Committee, 1959  
I*

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

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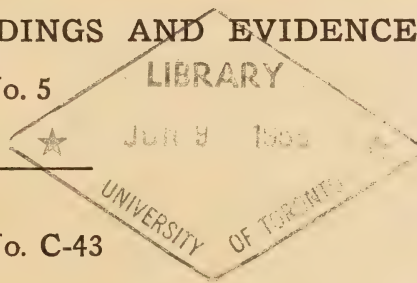
STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5



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Bill No. C-43

An Act to amend the Unemployment Insurance Act.

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THURSDAY, MAY 28, 1959

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WITNESSES:

*From the Board of Trade of Metropolitan Toronto:*

Mr. A. C. Crysler, Q.C., Legal Secretary.

*From the Canadian Retail Federation:*

Mr. E. F. C. Nelson, General Manager.

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

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*Vice-Chairman:* T. Ricard, Esq.,

and Messrs.

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Bell (*Saint John-  
Albert*),  
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Kingsway*),  
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Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,

*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

THURSDAY, May 28, 1959.

(8)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Allmark, Beech, Browne (*Vancouver-Kingsway*), Caron, MacInnis, Mandziuk, Martin (*Essex East*), McDonald (*Hamilton South*), McMillan, Noble, Ricard, Simpson, Skoreyko, Small, Smith (*Winnipeg North*), Spencer, and Stanton—(17)

*In attendance:* From The Board of Trade of Metropolitan Toronto: Messrs. A. C. Crysler, Q.C., Legal Secretary, and R. E. Alden, Member Labour Relations Committee, and Director of Industrial Relations, The Steel Company of Canada Ltd.

*From The Canadian Retail Federation:* Mr. E. F. C. Nelson, General Manager.

*From the Unemployment Insurance Commission:* Messrs. C. A. L. Murchison, Commissioner, and James McGregor, Director, Unemployment Insurance.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to Amend the Unemployment Insurance Act.

The Chairman introduced Messrs. Crysler and Alden of the Board of Trade of Metropolitan Toronto and then called on Mr. Crysler.

Copies of a submission prepared by the Board of Trade of Metropolitan Toronto were distributed to members of the Committee.

Mr. Crysler read the brief of the Board of Trade of Metropolitan Toronto and was questioned.

Questioning concluded, Mr. Crysler was thanked for his presentation to the Committee.

The Chairman then called Mr. Nelson who read the brief of the Canadian Retail Federation, copies of which were distributed to members of the Committee.

Mr. Nelson was questioned.

*Agreed,—*That Mr. Weichel, who is not a member of the Committee, be permitted to question Mr. Nelson.

On a question of privilege, Mr. Martin (*Essex East*) stated that production of the minutes of the Unemployment Insurance Advisory Committee of August 19, 1958, was denied to this Committee, and as the newspaper *La Presse* published the minutes above-referred to, he requested that the minutes of the Unemployment Insurance Advisory Committee of August 19, 1958 be produced before this Committee.

After discussion, Mr. Martin (*Essex East*) requested the Chairman to study the matter and report back at Friday's meeting. The Chairman undertook to look into the matter and report to the Committee.

At 11.35 a.m., questioning concluded, the Committee adjourned until 9.00 a.m. Friday, May 29.

M. Slack,  
*Clerk of the Committee.*

## EVIDENCE

THURSDAY, May 28, 1959.  
9.30 a.m.

The CHAIRMAN: Gentlemen, we now have a quorum. We have two deputations this morning, the Canadian Retail Association and the Board of Trade of metropolitan Toronto.

After looking over the briefs I think that of the metropolitan board is the shortest, so with your permission we will hear them first. Will Mr. Crysler and Mr. Alden come to the head table.

Gentlemen, this is Mr. Crysler, the legal secretary of the metropolitan Board of Trade of Toronto.

Mr. A. C. CRYSLER Q.C. (*Legal Secretary, Board of Trade of metropolitan Toronto*): Mr. Chairman and gentlemen, seated on my right is Mr. R. A. Alden, member of the labour relations committee of the metropolitan Board of Trade of Toronto, and in his business career he is director of industrial relations of the Steel Company of Canada.

The CHAIRMAN: Please proceed, Mr. Crysler.

Mr. CRYSLER: The document, as you will see, is addressed to R. H. Small Esq., M.P., Chairman, and members of the Standing Committee on Industrial Relations, House of Commons, Ottawa, Canada. It refers to house bill C-43, an act to amend the Unemployment Insurance Act. The text is as follows:

The Board of Trade of metropolitan Toronto has considered House of Commons bill C-43—An Act to Amend the Unemployment Insurance Act, together with various aspects of the unemployment insurance fund.

First, the board wishes to inform you of the constituency for which it speaks. The membership of the board is comprised of more than 8,500 persons who represent all types and sizes of business enterprise, as well as the professions. While this membership is concentrated mainly in the metropolitan Toronto area, the business and professional interests of many members extend throughout Ontario and Canada and to other countries.

The board has had the advantage, in the course of the preparation of its brief, of reading the discussion in the house, as recorded in the House of Commons debates, on the first and second readings of bill C-43. Also, the board has had an opportunity to review some of the briefs of the principal national organizations which have appeared already before the Standing Committee on Industrial Relations.

In view of the material which is known to have been already placed before your committee, this submission will deal only briefly with the features of the act which appear to be generally regarded as desirable. More extended comment will be confined to those features of the bill and those considerations respecting the unemployment insurance fund in which this board is especially interested.

Upon this basis it can be stated that the increase in the "wage ceiling" of insurability, the increases in weekly contributions, the increases in rates of benefits and the increases in allowable earnings are acceptable to this board.

The board's principal area of concern is in connection with seasonal benefits and the extension of the coverage of the act to employments which have a high incidence of regular seasonal unemployment. The board also is concerned regarding the increase in maximum benefits from thirty-six to fifty-two times the



weekly rate which may be paid in benefits in respect of any benefit period; when the maximum duration of benefit was reduced to thirty-six weeks in 1955, it appeared that this duration of benefit would have met the needs of all save a very small percentage of those requiring unemployment benefits within the terms of the act at that time. Other considerations of concern are the regulations and administrative practices respecting unemployment benefits to pensioners and married women.

The Board of Trade of metropolitan Toronto considers that it is of great importance to the economy of the country and, particularly, to the long-term well-being of business and workers that the unemployment insurance fund be placed on a sound financial basis. The board, however, is not persuaded that such is the case in view of the revenues of the fund and the drains which recent experience indicates it may be required to meet.

According to the statement in the house by the honourable the Minister of Labour, as recorded in the House of Commons debates for Thursday, May 14, 1959, at page 3657, the high point in the unemployment insurance fund was as of December 31, 1956, when the fund stood at \$927,000,000. He reported the status of the unemployment insurance fund as of March 31, 1959, at \$496,251,386.48. In the interval between December 31, 1956, and March 31, 1959, or during a period of two years and three months, the fund had decreased by \$431,000,000, which reduced the fund by approximately fifty per cent.

At the same time the minister stated that the fishermen's benefit from April 1, 1957, to March 31, 1959, amounted to \$13,878,011, and that the different seasonal benefit extensions from December, 1957, to December, 1958, totalled \$48,000,000.

The honourable the minister indicated that the new rates will be an increase of 30 per cent on an estimated annual contribution revenue of \$259,000,000. He estimated that this will produce the \$78,000,000 needed to take care of the short fall between estimated annual benefit payments of \$337,000,000 against the estimated annual contribution revenue of \$259,000,000. Attention is directed to the consideration that the estimated \$78,000,000 increase in contribution revenue is at slightly less than half the overall rate of diminution of the fund on an annual basis between December 31, 1956, and March 31, 1959. At the same time the responsibilities of the fund are being broadened rather than contracted.

In referring to the fishermen's and seasonal benefits and the extension of the benefit period, The Board of Trade of metropolitan Toronto does not question the social desirability of meeting the legitimate needs of those in these groups. It does feel, however, that the trend of extending benefits to such groups indicates an extension of the original unemployment insurance concept of the legislation to embrace unemployment assistance. It is respectfully suggested that unemployment assistance should not be provided for out of traditional Unemployment Insurance contributions by employers and employees.

The board believes that the question of necessary provision for unemployment assistance should be separated from the unemployment insurance fund, and that a careful study should be made of the contribution rates required to meet unemployment insurance benefits. For that reason the board proposes that an independent body study the whole Unemployment Insurance Act with a view to restoring the unemployment insurance fund to a sound financial basis. This would involve segregating regular seasonal unemployment from unexpected unemployment and making special financial provision for unemployment of a regular seasonal nature. In addition, the study should investigate the administration of the act to determine to what extent adjustment in administration may be helpful in restoring the fund to its original concept of an insurance fund operated upon sound economic principles.

Apart from the principles outlined above, it will be appreciated that the increase in contributions provided for in bill C-43 constitutes a substantial enlargement of the impost on employers and employees who make contributions to the unemployment insurance fund. While the over-all increase is 30 per cent, as a result of the new rates for two new top wage classes and the increase in the ceiling, the contribution increase will amount to upwards of 50 per cent in the costs of contributions in industries in which large numbers of highly skilled and paid persons are employed. An increase in contribution costs of this dimension constitutes a considerable problem at a time when business is being urged, and is endeavouring, to hold the line on costs. For that reason, the board earnestly hopes that through the study proposed a solution to the problems of the unemployment insurance fund may be found which is acceptable to the government and which will not involve an increase in contribution rates on the formidable scale now proposed.

The Board of Trade of metropolitan Toronto expresses its appreciation for the opportunity to make this submission and commends its views to your favourable consideration.

Respectfully submitted,

(Sgd.) SYDNEY HERMANT,  
1st Vice-President.

(Sgd.) J. W. WAKELIN,  
General Manager.

Mr. Chairman, we thank you very much indeed for your hearing, and if there should be any questions, Mr. Alden and I will be very glad to give you the best answers we can.

The CHAIRMAN: Thank you, Mr. Crysler. It is a very well prepared brief, I can assure you.

Mr. CARON: Mr. Crysler, in the last paragraph on page two of your brief you state that the unemployment insurance fund should be placed on a sound financial basis. Could you give us a little more information on that point? It is about the fourth line of the last paragraph on page two.

Mr. CRYSLER: As we all know, the unemployment insurance fund has a status which is contingent among other things, on the ups and downs in the economic cycle, so we are quite well aware that it is just not practical to prepare, in connection with the unemployment insurance fund, anything like the strong actuarial basis which you would find, let us say, in a fire insurance company, where there is not that variable and really quite unpredictable cycle with which to cope.

Now, when we use the term "sound", I think we are thinking in a loose way of what others might express by the words "actuarially sound"; and to bring that down to a practical application in this case, I think what we would be thinking of is drawing on the statistical experience of the fund throughout its whole existence to arrive at a calculation which would seem to be sound; and relating that back to the earlier part of the brief we are really more than doubtful, sir, as to whether you can have such a high factor of seasonal charges of a regular nature on a fund which you are trying to operate on a statistical basis, which is as near to being actuarially sound as the nature of the fund permits. Have I sufficiently answered your question?

Mr. CARON: Yes, and I have one more question. I take it that you would believe, as some other organizations have, that there should be two separate funds, one for the seasonal and specialized groups, and another for temporary unemployment?

Mr. CRYSLER: We believe there should be two sources of financial support. We do not go into the question as to whether there should be a separate administering agency, because we just do not know. We have not gone into that. But we do feel very sincerely and quite strongly, may I say, that there should be separate sources of financial revenues.

Mr. CARON: Under the same administration there should be two separate funds?

Mr. CRYSLER: We do not necessarily subscribe to the view that it should be the same administration. We think the government and the civil service are far more competent than we to decide whether it should be the same or a different administration. We limit our observations to the separate sources of the fund.

Mr. CARON: Would you believe, as some others have, that with the experience of almost 20 years with the Unemployment Insurance Act, there should be set up a royal commission, or some other commission, to study the whole aspect of the act?

Mr. CRYSLER: We do, sir. That is our view, but we have not used the words "royal commission" or "commission", although we were thinking of it. However, we used the broader and more flexible term of "independent body", although I think we were thinking of a commission or a royal commission.

Mr. SPENCER: Do you know whether the Department of Labour has been considering the very points you have raised in regard to some special dealing with those who are in seasonal employment?

Mr. CRYSLER: I regret that I have no information on that particular point except that, as I said, we do have a very competent Department of Labour and that it would be only safe to assume that they have been giving it some consideration. But as to what consideration, or where their thoughts may be in the matter, we have not been in touch with them on the point.

Mr. SPENCER: One other thing: unemployment insurance, actuarially, is more similar, is it not, let us say, to automobile insurance, than it is to life insurance.

Mr. CRYSLER: I do not believe I have exhaustive enough knowledge to say to which it would be more similar. So far as I do have any knowledge of life and automobile insurance, you do have pretty consistent statistical experience. You do not have these ups and downs of economic cycles.

Mr. SPENCER: Which field are we referring to?

Mr. CRYSLER: In both life and automobile insurance; in life insurance you have mortality tables, and it is true that mortality tables do change over many years as public health improves, and longevity with it. The same thing is true in regard to automobile insurance. You have a very, very accurate and reliable statistical base.

It is equally true that it may start off on a tangent in view of some development in highways, or in safety devices, and so forth in cars. But I think in each case when the statistics go off, they are more or less consistent.

Now, when you come to the upward and downward cycle of economics, they are not concerned, or at least only for a very short period; it may be two to five years. You could have a consistent upswing perhaps for a lesser period of one or two a year, and a downward swing, but you do not get anything, I think, like the protracted consistency of your statistical picture.

Mr. SPENCER: You will admit that you do get fluctuations because of the fact that automobile insurance rates are raised or reduced almost from year to year in various municipalities.



Mr. CRYSLER: In that sense perhaps I would tentatively agree with your proposition, but I do not think that my view has any weight, because I do not know enough about the statistical factors involved.

Mr. SPENCER: In the experience of automobile insurance companies, as established, when for some reason or other they run into a number of accidents and liability cases, they immediately increase their rates. Is that not your general knowledge of it?

Mr. CRYSLER: When you say immediately, I say as quickly as they can do it.

Mr. SPENCER: I subscribe to that.

Mr. CRYSLER: There are certain difficulties in making an immediate response there.

Mr. SPENCER: That is exactly the position the Department of Labour and the government is in. When we run into a period of recession, such as we have had, is it not logical that we should, just as the insurance companies do on automobile insurance, increase the rates when we find by experience that we are not getting enough in to pay the benefits we are obliged to pay out.

Mr. CRYSLER: If your question was confined in respect of the traditional insurable employees, I would agree, but if it includes the seasonal, I would say I do not know; I would like the benefit of statistics before I answered that aspect of it.

Mr. BROWNE (*Vancouver-Kingsway*): I would like to state to Mr. Crysler that the seasonal workers, in that aspect of it, is not something that is being changed in the act at the present time; that is the situation that has existed for some time.

Mr. CRYSLER: It is an accumulation.

Mr. BROWNE (*Vancouver-Kingsway*): And really it is not connected with the amendments that are being made to the act now; and because we are faced with that situation, we do have to increase the contributions at the present time.

Mr. CRYSLER: With that I will agree, sir, but I do not think you can consider the present bill without going back far enough to consider the effect of the seasonals on the fund. Now, as you probably realize, our brief really is not directed particularly to the present bill at all; it is directed rather to getting the fund on what we conceive as a sounder basis.

Mr. SPENCER: Do you then think this unsound fund arose at the time these extensions were given to the seasonal employees?

Mr. CRYSLER: If you would add to that, without provision of an alternative source of fund, I agree.

Mr. SPENCER: And that goes back to 1950.

Mr. CRYSLER: I cannot give you the dates as I have not investigated that closely.

Mr. CARON: You are speaking of seasonal unemployment being separated from the regular or the temporary unemployment. For example, take the paper mills. They have a certain group who are laid off in November and do not start back to work until May; they are summer workers. Would you consider that apart from the other groups? They are laid off 35 or 40 weeks every year, but are regular workers?

Mr. CRYSLER: If that is regular I think we would question the propriety of insurance under the fund. In saying that, I must add this observation that we know that picture cannot always be decided between pure whites and pure blacks; there are areas. Well, it is just a question of whether this seasonal

unemployment—and I do not think we would advocate any hard and fast rule—but I think you can take some occupations where you really have double employment; you have people who work at one occupation one part of the year and work at another occupation another part of the year. I think there you could get, for practical purposes, a pretty fair dividing line.

Mr. MARTIN (*Essex East*): Would you agree that whenever the fund has been invaded for purposes of paying out supplementary payments of one kind or another that there ought to be a replenishment of that fund from sources other than contributions of workers and employers, the main contributors.

Mr. CRYSLER: That is the main point in our brief.

Mr. MARTIN (*Essex East*): That being the case, nevertheless you say you are satisfied with the proposed increase in weekly contributions and the increase in rates of benefits proposed in the amendments in the bill?

Mr. CRYSLER: Perhaps I could clarify our thought in that connection by saying this. We would hope that some time in the very near future the inquiry, which we are proposing, would be carried out, and that the rates of contribution be adjusted as that inquiry indicates.

Mr. MARTIN (*Essex East*): I am referring to the first paragraph on page 2. Do I understand the proposed rates of benefits and rates of contribution in the bill are satisfactory to you as they stand now.

Mr. CRYSLER: I would put it this way, sir. We do not propose to say that any lesser amount should be paid to the people who are entitled to unemployment insurance. Now, I would not want to say that for once and for all the rates of contribution are satisfactory. I think perhaps I should qualify that with one further comment, that those rates should be studied and if they are the rates that are correct for the traditional insurable employees then we are satisfied; on the other hand we have a thought in our mind that probably they may be somewhat higher than is necessary to meet the requirements of the traditional employees.

Mr. MARTIN (*Essex East*): I am not quite sure whether you think the rates of benefits and the rates of contributions in the amendments are satisfactory; are they, or are they not?

Mr. CRYSLER: I think if I have to give a once and for all answer, sir, I would say that we have no quarrel with the benefits, but I would have to go down on the side in saying the contributions are not satisfactory as to amount. I would like that to be coupled with this thought, that if they are the right contribution for the traditional seasonal employees and if we could be shown by whatever studies are necessary and by statistical demonstration that that is the case, then they would definitely be satisfactory.

Mr. MARTIN (*Essex East*): Have you calculated what the benefits are in dollars?

Mr. CRYSLER: The fund as a whole?

Mr. MARTIN (*Essex East*): No. Have you calculated what the proposed benefits in the amendments are?

Mr. CRYSLER: Well, they run up to \$36.

Mr. MARTIN (*Essex East*): I was asking for the total dollar value of the proposed benefits.

Mr. CRYSLER: No, I am sorry, we have not that information.

Mr. MARTIN (*Essex East*): Have you calculated what the total increase in contributions in the proposed amendments is?

Mr. CRYSLER: We have taken only the minister's figures there; we have not made an independent calculation.

Mr. MARTIN (*Essex East*): Are you aware that the total contributions will come to \$100 million?

Mr. SPENCER: Where did you get that figure? I do not know why you should ask the witness that question because I do not agree with you.

Mr. MARTIN (*Essex East*): I am asking him a question; do not interpret the examination.

Mr. SPENCER: I think my friend should assume the responsibility of the correctness of a statement he puts to a witness.

Mr. MARTIN (*Essex East*): It is already in evidence.

Mr. SPENCER: I asked you where you got the figure of \$100 million.

Mr. MARTIN (*Essex East*): It has already been given in evidence by the director of the unemployment insurance fund. Are you aware that the revenue is \$100 million?

Mr. CRYSLER: We had not heard that figure.

Mr. MARTIN (*Essex East*): Are you aware that the total benefits are in the amount of \$16 million?

Mr. CRYSLER: Would they not be greater than that?

Mr. MARTIN (*Essex East*): That is the evidence before this committee as I have it.

Mr. CRYSLER: Perhaps I will have to clarify my point. While I have had an opportunity to read the debates of the house, I have not had an opportunity to read the evidence before this committee; therefore, I am in your hands in connection with the latter point; I do not know what to say.

Mr. MACINNIS: Well, Mr. Chairman, I do not think he is entitled to answer that type of question in the first place.

The CHAIRMAN: No. If he did answer it, it would be at his own discretion.

Mr. CRYSLER: Like all of you, we have heard various figures quoted for various purposes, but once we saw that the minister had officially stated certain figures as a matter of public record in the House of Commons debates, we changed the other estimated figures which we felt perhaps were not reliable enough to discuss with an official body such as this is. We took the minister's figures and accepted them without question.

Mr. MARTIN (*Essex East*): You are not in any way affiliated with the chamber of commerce?

Mr. CRYSLER: Only to the extent that boards of trade are members.

Mr. MARTIN (*Essex East*): Have you seen their brief?

Mr. CRYSLER: Yes, but I can answer your point by saying we had no part in the preparation of their brief and they had no part in the preparation of our brief.

Mr. NOBLE: Could we ask you to give a little more detail in connection with the last sentence in the second last paragraph on page 2, which reads:

Other considerations of concern are the regulations and administrative practices respecting unemployment benefits to pensioners and married women.

Mr. CRYSLER: Yes. Fairly frequently we hear references, without them being substantiated, that there is a little more freedom—which may be desirable—in connection with the ease with which married women who leave their employment voluntarily get benefits and people leaving active employment and going on pension get benefits. We do not know how valid those sources are and whether there is money being siphoned off that should not be in fairness to the other contributors and beneficiaries to the fund; so rather than make



charges which perhaps would be most unfair and certainly which we are in no position to substantiate, we limit ourselves to suggesting that these items might be among the subject matters of the inquiry in order that we may find out what the practices are and to see, if there is unwise leniency there, how much it is costing the fund.

Mr. NOBLE: Do you think the loss of funds through this means might be substantial?

Mr. CRYSLER: It might be substantial, but I doubt if it would reach anywhere near the extent of the seasonal benefits which are paid. We believe that is the key.

Mr. CARON: There seems to be a contradiction in your brief. On page 2 it states:

The increases in weekly contributions are acceptable to the board.

And then on page 4 it is stated:

An increase in contribution costs of this dimension constitutes a considerable problem at a time when business is being urged, and is endeavouring, to hold the line on costs.

There seems to be a contradiction in your brief.

Mr. CRYSLER: I can see where there is on the surface and I will give you this explanation. I have really answered the question in response to a different question a little while ago. We have not come down here in a pecuniary manner in connection with the benefits that should be paid to deserving unemployed workers nor have we come down here prepared to register mere objections to the fact that employers' contributions are going to be quite a few dollars more. If you will recall the key point in our brief, it is this. We believe that the seasonal features should be investigated and that there should be an inquiry. Now, if the inquiry says, after looking at the seasonal features, be they as they may, these are the right rates for the traditional insurable employee, we have no objection to offer; on the other hand we have rather strong suspicion that some of these rates are helping the seasonal side of the equation and if the inquiry establishes that that foundation is well founded, we would come back to you and say, having got the facts established in those circumstances we think the rates are too high and we would like you to do something about them.

Mr. CARON: Along the same line of questioning, you seem to believe that before this bill goes through there should be a more thorough study of the whole matter in connection with unemployment insurance.

Mr. SPENCER: On a question of order, Mr. Chairman.

Mr. CARON: Let the witness answer.

Mr. SPENCER: On a question of order, I do not think—

Mr. CARON: You are starting again that business of a question of order.

Mr. SPENCER: Will you keep quiet.

Mr. CARON: No, I will not.

Mr. SPENCER: You will if I go over there. I do not think it is fair that witnesses who appear before this committee should have ascribed to them by any member of this committee statements which they did not make. I do not think witnesses should come here and have to be submitted not to examination, but as every lawyer knows, cross-examination, with words being put in his mouth in connection with statements being made and evidence presented before this committee which I say, Mr. Chairman, has not been presented before this committee; and attempts are being made to mislead witnesses. Now, Mr. Chairman, I say that is not proper and I think you should call to

order any member of this committee who attempts to brow-beat a witness and put words such as that in his mouth. This is not a place where we cross-examine. We should ask the witnesses questions and ask them to give us their frank opinions. We should not have the kind of questioning going on that my friend here is attempting to put. Now, Mr. Chairman, that is my point of order and I think I am perfectly right in saying that.

Mr. SMITH (*Simcoe North*): The witness is being asked merely to agree with statements made by members of the Liberal party.

Mr. CARON: On a point of order, Mr. Chairman, I want to say this. Most of the other organizations have presented briefs; the witness has told the committee that they have studied the other briefs and I think he is in a position to say yes or no if he does not believe my question is proper. We have had witnesses who appeared and said that they could not answer certain questions. The point of my question is this. Does he think as a representative of the board of trade of metropolitan Toronto that this bill should be passed before there is a complete inquiry on the whole matter. I think that is a proper question. Even if I am not a lawyer, it is a question which may be asked in any court.

Mr. SPENCER: If you read the evidence you will find out that is not the form of the question you asked the witness.

Mr. CARON: May I put the question again?

The CHAIRMAN: Yes.

Mr. CARON: Is it in your opinion, or the opinion of the group you represent here, a fact that you prefer that a full inquiry be made before the bill goes through?

Mr. CRYSLER: I will have to say not necessarily, sir. If we had some assurance that in the very near future—and I am thinking in terms of a few months—alternative steps would be taken to restore the fund to soundness, say, this summer, then while I would not go so far as to say it should not be enacted, I would say there would be no harm if it were not enacted for the time being. If those who know the time factors involved in carrying out an inquiry, keeping in mind the proper consideration that has to be given by officials in government when reaching a decision and bringing forward legislation, were to express the opinion that could not be done until next fall or when the next upward seasonal period of unemployment comes, then I am afraid we would think that the solvency of the fund is temporarily the more important matter.

Mr. CARON: Would you say that this increase really would replenish the fund?

Mr. CRYSLER: It could only be a matter of judgment, but as you will see in the third sentence of the third paragraph on page 3 of our brief we state this:

Attention is directed to the consideration that the estimated \$78 million increase in contribution revenue is at slightly less than half the over-all rate of diminution of the fund on an annual basis between December 31, 1956 and March 31, 1959. At the same time the responsibilities of the fund are being broadened rather than contracted.

Now, we are in that area of judgment. If we are pulling rapidly out of the recession we have had during the past two or three years, then perhaps the calculation producing the extra \$78 million is sufficient; on the other hand, we of the board of trade of metropolitan Toronto are rather cautious people and as we say, while we cannot prove it, we are not persuaded we are pulling out of the recession; it may be so, but we are doubtful.

Mr. CARON: If the recession continues for another winter, you think this will be insufficient to cover the fund?

Mr. CRYSLER: We can only base our opinion on the statistical record of the past, and it is for that reason that since no other brief that I had read had drawn attention to the fact that the rate of increase was less than the annual basis rate of diminution we framed the sentence in that way to draw attention to that factor.

As to sufficiency of the rate, it clearly would be presumptuous of us to say it is or it is not; that would imply we know the trend of the economic cycle and, with all the business ability we in that area have, we do not profess to know what is going to happen in the economic cycle.

Mr. McMILLAN: I think the witness said there should be two funds. Did you have in mind—

Mr. SPENCER: Again I raise that point of order, Mr. Chairman. I did not understand the witness to say that there should be two funds and perhaps the witness will now say whether he made a statement.

Mr. McMILLAN: I just asked him if he did not say that earlier.

Mr. CRYSLER: I cannot recall what I said, but we never meant there necessarily should be two funds.

Mr. McMILLAN: You went on, as I remember—and I do not want to press the point—and suggested that both these funds could be operated under the same administration.

Mr. CRYSLER: I did not suggest; I think someone put it to me and I said we could see no objection.

Mr. McMILLAN: To two funds?

Mr. CRYSLER: I do not think, sir, that I said two funds; what I did was to suggest another source.

Mr. SPENCER: You are trying awfully hard to put the words in his mouth but he will not swallow them.

Mr. CRYSLER: Mr. Chairman, I would like to emphasize the fact that whatever I may have said I certainly did not intend to suggest another fund; what I intended to suggest was an alternative source.

Mr. McDONALD (*Hamilton South*): For the replenishment of funds for seasonal employees?

Mr. CRYSLER: Yes. We think there should be some other source in connection with seasonal employees. I cannot recall exactly what I said, but I am glad the point was raised because I wanted to clarify it.

Mr. BROWNE (*Vancouver-Kingsway*): I would like to ask a question in connection with this point of whether the increased contributions or the proposed increased contributions are sufficient to replenish the fund. You mentioned that you noticed the other briefs. Had you taken into consideration the actuarial statement that was placed before the committee at that time?

Mr. CRYSLER: Well, no; I have not seen the minutes of the committee, so I did not know there was an actuarial statement placed before the committee.

The CHAIRMAN: Mr. McMillan, do you wish to follow up your questioning?

Mr. McMILLAN: I will use the words "two sources of revenue"; someone said to use that. Apart from the insurance aspect of it, where do you think it should come from? Do you think all of it should come from the government; do you think these rates should be increased immediately or, if not increased, kept at this level, or increased to meet the particular problem?

Mr. CRYSLER: Now, sir, our one definite assertion is that we do not believe that the rates on traditional insurance against unexpected unemployment should



be in any way shape or form increased with a view to meeting seasonal costs. So we say you should not meet seasonal costs from revenues raised—for want of a better expression—for traditional insurable unemployment.

As to where it should come from, some people say it should come from the government. We do not profess to know, other than saying that there might be some question of a merit rating. But again we do not profess to know. However, we do hope, if our view is accepted, and an inquiry is made, that they would explore the most appropriate sources for the other fund. Our point is pretty much limited to this: we say, please do not charge seasonal benefits against traditional insurable employment. Beyond that we do not profess to have the answers. If I may be permitted to say so, we doubt if sufficient material has been published to give such answers. Therefore we propose that there be an inquiry to try to get the answers.

Mr. BEECH: Some of the other briefs suggested that perhaps the government contribution should be increased. Has your board considered that?

Mr. CRYSLER: In a general way, yes sir; but if you are talking about increasing the government contribution by an arbitrary percentage over an indefinite period of years, I do not know that we are prepared to accept that just yet as the final answer, because I think in almost any given year it is practically certain to be a little too much or a little too little. I think we would like to see an inquiry held to ascertain whether perhaps experience has shown that some particular percentage is so constant that we might just as well adopt that percentage.

At this stage I can tell you definitely we have considered that facet of the matter and we felt we should not give a definite comment on it now.

The CHAIRMAN: Is there anything else?

Mr. SPENCER: Are you aware that the government does make a contribution to the unemployment insurance fund?

Mr. CRYSLER: Yes, one fifth.

Mr. SPENCER: Twenty per cent.

Mr. CRYSLER: Yes, we are aware of that.

Mr. SPENCER: You are also aware that with this increased rate, the government contribution will likewise be increased?

Mr. CRYSLER: Yes, we are aware of that too.

The CHAIRMAN: I think this has been a very satisfactory presentation, and that we have made some progress this morning. You do not need to retire, Mr. Crysler.

Now, Mr. Nelson of the Canadian Retail Federation will be given an opportunity to present his brief.

Mr. SPENCER: Before we dismiss Mr. Crysler I would like to say, speaking not only for myself but, also I imagine, on behalf of the other members of the committee, that I am expressing their feelings when I say that we very much appreciate Mr. Crysler's coming to us. We appreciate the work that has been done in the preparation of this brief, not only by him, but also by those who have been associated with him. I think we can congratulate him on the fair and objective manner in which he has given his testimony this morning. I think his organization has made a contribution towards the solution of these problems.

Mr. CRYSLER: Mr. Chairman and gentlemen, your words are more than kind. I can assure you that it is always a great privilege for us to be allowed to send somebody to talk to the officials and to committees of government.

I can assure you that I have enjoyed to the utmost limit every moment of my appearance before you this morning, even when I did catch the hottest questions. I like hot questions. They add zest to the occasion. So thank you very much, gentlemen, for your hearing.

The CHAIRMAN: Will Mr. Nelson please come up to the head table.

Mr. E. F. K. NELSON (*General Manager, Canadian Retail Federation*): My name is Nelson. I am general manager of the Canadian Retail Federation with headquarters in Toronto. I would like to apologize for the fact that I have to appear before you alone. It had been the intention to have with me today two of our elected officers but unfortunately circumstances beyond their control forbade it. So you will have to put up with me. May I proceed?

The CHAIRMAN: Yes, please proceed, Mr. Nelson.

Mr. NELSON: This submission is made by the Canadian Retail Federation, Canada's national retail trade organization. We believe firmly in the desirability of an actuarially sound unemployment insurance scheme as being in the interests of Canadian employers and employees and the country as a whole. We have, however, watched with growing concern, over the years, certain developments in connection with our Unemployment Insurance Act.

It is natural, we think, in a democracy such as ours that the elected representatives of the people should seek ways and means of mitigating the effect of unemployment, whatever may be its cause. Generally speaking, it seems to us that government has two means at its disposal to ease the effects of unemployment both in regard to the individual unemployed and to the economy of the country.

One is a scheme of unemployment insurance based on sound actuarial principles and designed to pay out benefits to those insured persons who become unemployed. The other is a programme of public assistance designed to provide for those not protected at all or not protected adequately by unemployment insurance and to assist in those periodic times of economic recession during which unemployment rises to abnormal heights.

We do not criticize the humanitarian motives of government in making changes in the Unemployment Insurance Act intended to cope with such problems as those produced by seasonality in economic activity, by industries that are essentially seasonal in character, or by economic recession with its attendant and often substantial degree of unemployment which may be of considerable duration. We are intensely concerned to see what we believe to be undue and even unfair demands made upon the unemployment insurance fund, demands which appear to violate the actuarial basis of a good insurance act and which pertain rather to a programme of public assistance than to a sound insurance scheme.

The results of such mingling on any wide scale of the two concepts of unemployment insurance and public assistance are only too likely to be reflected in an unsound fund, an effect which seems to be already unfortunately in evidence.

The involvement of the act with industries of a seasonal nature and the wide-scale provision of seasonal benefits are among the factors which we consider to have adversely affected the actuarial basis of the act. It seems to us to be most important to remember that the Unemployment Insurance Act is or should be strictly an insurance act and that it follows that entitlement to benefit should rest on considerable attachment to insurable employment, not on need—which would be the entitlement under assistance legislation.

Such a position simply involves recognition that unless an insurance scheme meets certain requirements it is no longer an insurance scheme. The existence of need can be properly recognized and dealt with according to

the social conscience of the time and the financial means available. Need itself is simply not the criterion for entitlement to benefit under a good insurance scheme.

Another matter concerning any compulsory insurance programme and one which involves government in an important obligation is the treatment of the great bulk of contributors who have long attachment to insurable employment and who seldom and sometimes never claim benefits. It can be argued that the contributions of these people to some extent may justly go to pay benefits for others with short or sporadic attachment to insurable employment, but there is a limit to such usage of their contributions past which an unfair and inequitable position is enforced upon the majority.

Unemployment insurance probably cannot completely recognize the difference between those who have a long attachment to insurable employment and perhaps never draw benefits and those who draw benefits with some frequency. The first class undoubtedly does gain indirectly from the sustained purchasing power of the latter; their jobs are presumably the more secure as a result. Both classes operate in the same economy and their interests are in fact interwoven. However, this is an argument that can justly be carried only so far. A reasonable relationship must be maintained between benefits paid and the contributions of insured persons; otherwise the large group of contributors who mainly support the plan will be the victims of a serious discrimination. In the Act as it now stands this discrimination against the main body of supporting contributors appears to have occurred to a considerable degree.

For example, in covering the employee in stable, year-round work the risk involved is unexpected unemployment, but with highly-seasonal industries the risk is expected unemployment during some part of each year. Unless the highly-seasonal industries are protected under some other legislation, it would appear that only higher rates for them, in recognition of a greater risk, can avoid the effect of subsidization by both employers and employees in the more stable industries. Lack of recognition of this would seem to involve unfair discrimination against the bulk of contributors who may reasonably expect their contributions to be used to cover the contingency of their unexpected unemployment.

Regarding seasonal benefits, we do not believe these to have any proper place in a sound insurance scheme. The need which they are intended to cover may properly be met but the basis of entitlement here is strictly need and they belong under some scheme of public assistance if they are to be provided.

Another serious criticism against our unemployment insurance plan as it now stands is the lack of even modest regulations requiring proof of some attachment to the labour market. It is our understanding that the revoking in 1957 of the regulation relating to married women has imposed an additional drain on the fund of some \$3,000,000. annually. There seems to be little doubt that benefits are being consistently drawn on a fairly large scale by many who have no intention of seeking employment and who are not in fact attached to the labour market.

Under any unemployment insurance plan some decision must be taken regarding duration of benefit. Providing there is due consideration given to a sound actuarial basis of the act, we are of the opinion that a satisfactory act should involve as generous a period of duration of benefit as is consistent with the financial soundness of the fund and other practical considerations. We say this because we believe that most contributors to unemployment insurance in Canada fall into the classification of those who tend to contribute over long periods and have little tendency to claim benefit. It seems fair to assume that such persons should have reasonable protection against the effects



of unemployment. Despite this statement we oppose the present proposal of an increased benefit period so long as the act retains what, in our view, are serious actuarial weaknesses.

*Increased ceiling:* We understand that this is intended primarily to recapture certain classifications of employees who as a group have moved out of coverage as a result of increased salaries and wages. Viewed in this light, the proposal seem to be a reasonable one and not designed to increase coverage beyond what the act would normally visualize.

*Two new classes:* This proposal appears to follow logically from the increased ceiling. It will add materially to costs of doing business and will represent a fairly substantial reduction of net pay for those involved. Everything considered, however, we do not feel that we should oppose these two new classes.

*Increased duration of benefit:* We understand that this extension will involve an annual cost of some \$11,000,000. to the fund. It is a provision that will very likely benefit a minority of those covered and one that will be paid for to a large extent by the majority, with their background of long contributions and little benefit demand.

In view of the recent experience of the fund and the consideration being given to substantial increases in contribution rates, any such costly provision in our opinion should not be undertaken at this time.

*Increased allowable earnings:* Under different circumstances we might agree with this proposal. As it is, we strongly oppose it, mainly on the grounds that it is reputed to increase benefit costs by another \$3,000,000. a year and, in the face of the present actuarial weaknesses of the act and of the state of the fund, we feel that to accept such an additional cost factor would be entirely wrong at the present.

*Increase in rates:* The proposed increases in the rates of contribution, which seem to be of the order of some 30 per cent cannot be accepted without serious misgivings. The added cost to both employer and employee is obvious and the degree of discrimination against the majority of contributors who make little claim to benefit would be intensified. We are convinced that the insurance principles of the act have already been seriously weakened and believe that a complete re-examination of the act should be undertaken before any rate increases are contemplated.

While it is clear that some action must be taken in connection with the fund, we feel that time permits of an objective review of the act. The costs of seasonal benefits, the coverage of seasonal industries, and the absence of requirement of proof of attachment to the labour market when claiming benefit are some of the matters that should be studied. We therefore propose that no rate increases be put into effect until a royal commission or some similar body undertakes a complete review of the act. It should be possible to obtain a report from such an investigating body before the end of this year.

#### *Summary and recommendations*

1. The federation agrees with the provisions of bill C-43, raising the ceiling to \$5460. per year and establishing two new classes.
2. The federation is opposed to the increase in the amount of allowable earnings at the present time, to the extension of the duration of benefit, and to the increases in contribution rates.
3. The federation recommends that a royal commission or similar body be established immediately to completely review the Unemployment Insurance Act.

In the terms of reference for such a body we propose that there should be included instructions for an investigation into the usefulness in Canada of some system of experience rating—a plan which in various forms is in use in many of the American states and on which workmen's compensation rates are established in the Canadian provinces. We believe such a study to be important because it is well known that large numbers of contributors, for whom the contingency of unemployment is remote, are in stable employment.

All of which is respectfully submitted on behalf of the Canadian Retail Federation by

E. F. K. Nelson,  
*General Manager*

May 28th, 1959.

The CHAIRMAN: Thank you, Mr. Nelson. That was very ably presented.

Mr. CARON: Mr. Nelson, on page four of your brief, in the third recommendation, you say:

The federation recommends that a royal commission or similar body be established immediately to completely review the Unemployment Insurance Act.

Is it your opinion, or the opinion of the body you represent, that the passing of the law should be delayed until after it has been studied by a special commission.

Mr. NELSON: I might add to that in this way by saying that despite the obvious fact that there are very definite limitations to our knowledge as to the state of the fund, and as to the demands to be made upon it, that with that reservation, I would say, yes.

On the other hand, if the people who are in a better position than we to know, consider that the position of the fund and the prospects of more or less immediate drain upon it are such as to forbid such a situation, we would of course bow to that decision.

Mr. SPENCER: Have you taken into account the period of time that would pass before a report could be obtained from a royal commission?

Mr. NELSON: That did give us some pause. Nevertheless, despite what is involved—because we have had experience with royal commissions in the past—we did make this recommendation; and it would be our wish that such a commission might be settled in Ottawa so that people would come to it rather than to have it travelling across the country. This would substantially reduce the time.

It might well be, as in the case of the inquiring committee, that advance recommendations might be made on certain sections where time is a greater factor than in others.

It seemed to us to be a worth while suggestion to make, but we would have to leave it to the decision of those in charge as to whether it was actually practical. We hope that it is.

Mr. BROWNE (*Vancouver-Kingsway*): On page four of your brief you mentioned:

...an investigation into the usefulness in Canada of some system of experience rating—a plan which in various forms is in use in many of the American states and on which workmen's compensation rates are established in the Canadian provinces.

Would you like to elaborate on that further?

Mr. NELSON: Our Unemployment Insurance Act is of course based upon the assumption that everyone employed contributes, and that both employers and employees would pay the same rates.

The risk in the case of the would-be beneficiary employee does, of course, vary in different industries. I think it is probably fair to assume that a banker has less risk of unemployment than, let us say, a fisherman on the Atlantic coast, if I may use two extremes.

In most of the American states, I think in some 40 odd—some form of experience rating has been brought in which purports to give a recommendation as to the degree of risk involved in the various rates. If I remember correctly the state of Minnesota has one firm which actually got up to the point where no contributions were required, if the company's experience had been good enough over the previous three years.

The principle that there should be some relationship between the risk and the premium is usually recognized in most forms of insurance. It is a practical one in operation and we suggest it might be reviewed.

Mr. SPENCER: I would like to direct your attention to another point in your brief, to the first paragraph on page three, where you say:

Providing there is due consideration given to a sound actuarial basis of the act, we are of the opinion that a satisfactory act should involve as generous a period of duration of benefit as is consistent with the financial soundness of the fund and other practical considerations. We say this because we believe that most contributors to unemployment insurance in Canada fall into the classification of those who tend to contribute over long periods and have little tendency to claim benefit. It seems fair to assume that such persons should have reasonable protection against the effects of unemployment. Despite this statement we oppose the present proposal of an increased benefit period so long as the act retains what, in our view, are serious actuarial weaknesses.

Now I presume you are aware that the amendment now before us involves an extension of the benefit period from 36 to 52 weeks.

Mr. NELSON: Yes sir.

Mr. SPENCER: I have in mind—and it is quite a serious problem, I think—those who have attained an age of, let us say, 50 years. I know of a particular instance where, through no fault of this person, the firm which had employed him went into bankruptcy and he was thrown out of work. He is now seeking employment and I am trying to do something for those people.

Do you think that people like that, who have for so many years contributed to this fund, should be restricted to such a short period as 36 weeks of benefit?

Mr. NELSON: No sir. I think I can elaborate on your question. I think I am pursuing the same general trend as my predecessor in trying to say that the act, when originally conceived, was largely designed to cover people who were in stable employment; but there are some exceptions to that in industry generally which are covered by the act. But with these people—and they represent a very large number—it is our opinion that if it were possible, for example, to a large extent, to do away with the seasonal aspects of this particular act and to deal with them in the same way, they should have the most generous treatment possible. This would be done on the grounds that they are people like my own secretary, who has been paying into the unemployment insurance fund for 18 years and has never withdrawn a cent from it. In the event of her unemployment, I think she should be entitled to the most generous treatment that the fund and other considerations would permit.

Mr. SPENCER: I too have a secretary who has been with me for 35 years. I think she has been contributing since 1940.



Mr. NELSON: We do not quarrel with the principle involved here. What concerns us is the fact that people who come in and out of employment may have available a long period of coverage under general mass coverage.

Mr. CARON: On the first page of your brief, in line three of paragraph three, you say:

The other is a program of public assistance designed to provide for those not protected at all or not protected adequately by unemployment insurance and to assist in those periodic times of economic recession during which unemployment rises to abnormal heights.

Can we take from this that you believe, or your group believes, that this assistance should come, not from the Unemployment Insurance Act, but from the consolidated revenue fund of the country?

Mr. NELSON: No sir, I do not think you can make that assumption. We have carefully avoided making any recommendation regarding the passage of funds from the general revenues of the country into the unemployment insurance fund; but this does not necessarily say that we would be opposed to that principle under all circumstances. However it is a matter of principle and we would prefer to the largest possible degree, that financial protection against unemployment be handled on a contributing insurance basis as far as possible, and that our arrangements should be put in such order that it would be, we hope, unnecessary for such transfers to be made.

Mr. McDONALD (*Hamilton South*): You said a few minutes ago that you believe that a person should get the most benefits possible from the plan. Do you believe, if the rates were increased, that these seasonal people should have a longer period of benefits? Would you agree to that?

Mr. NELSON: I am afraid I am lost in your question.

Mr. McDONALD (*Hamilton South*): If the rates for the regular people who are in the plan, other than seasonal people, were increased to give them additional benefits, would you agree with that to keep the plan on an actuarial basis? Or did I lose you again?

Mr. NELSON: I am sorry, but I am not quite clear.

Mr. McDONALD (*Hamilton South*): We are going from 36 to 52 weeks, and if the Unemployment Insurance Act increased the benefits for people who were contributing to the plan and the fund, and if it was thought necessary to increase the rates that they pay in order to get additional benefits, would you agree with that?

Mr. NELSON: Subject to proof to the contrary, our understanding of the history of the Unemployment Insurance Act in Canada would seem to suggest that the rates which have been in effect up to now, or up to the period when the fund began to be seriously depleted, which was not very long ago in terms of time—it would seem to suggest that the rates were adequate at that time to pay for the duration of benefits which were then contemplated, but not for the longer ones.

This leads us to think at least that it is likely that if the seasonal aspects were removed from it, it might not be necessary to increase the rates substantially for increased benefits.

Mr. McDONALD (*Hamilton South*): Has your organization made a complete study of that aspect of it?

Mr. NELSON: No, but we have been deeply interested in the plan.

Mr. McDONALD (*Hamilton South*): Would you agree that, with the recession of the last two years we have gone through, there has been a depletion of the fund, with regular people rather than seasonal draining from the fund?

Mr. NELSON: Oh, yes, of course.

Mr. McDONALD (*Hamilton South*): If the department found it was necessary to increase the rates of those people, would you agree that they should replenish the fund rather than seasonal?

Mr. NELSON: That is rather difficult to answer, Mr. Chairman.

Mr. McDONALD (*Hamilton South*): Perhaps it is not a fair question.

Mr. NELSON: I think again, Mr. Chairman, it is a very difficult question to answer yes or no. For example, our existing 36-week period of benefit is longer than anything I know of anywhere else. I do not know of any state in the United States that exceeds 30 weeks, and I think it is an average. There was a study made by the Unemployment Insurance Commission some time ago which suggested that statistically the vast majority of people were covered for something less than 36 weeks.

Mr. McDONALD (*Hamilton South*): The thing you want the most is to have seasonal workers taken out of that fund.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, there is one point on which I would like to ask Mr. Nelson in regard to the increase from 36 to 52 weeks. I am asking if he would not agree with the suggestion of Mr. Spencer, that the only ones who could benefit under this extension would be someone of the nature that Mr. Spencer mentioned, and of no advantage or benefit to the long-time contributor to the fund? It would not be likely that a seasonal worker could have paid in enough money so that that individual would benefit by this. It would have to be someone who had been a steady worker and put the maximum amount of contribution into it, on a contributory basis—a steady worker, before he could benefit under that new provision.

Mr. NELSON: I will admit there are many loopholes in the Unemployment Insurance Act in Canada, but that is not the situation as I have understood it.

Mr. BROWNE (*Vancouver-Kingsway*): I take it your complaint is that people would be going on this longer period of benefit, and my understanding of the act is that he would have had to have paid in the maximum amount in contributions and have been a steady worker before he could benefit from it.

Mr. NELSON: Is it not true that people with sporadic terms of unemployment do have for their short terms of employment a substantial benefit available to them?

Mr. McMILLAN: Mr. Chairman, could the witness tell us something about the United States? I think you said that 36 weeks here was longer than was paid in any of the states that you knew about, is that right?

Mr. NELSON: I am not aware, sir, of any American states that have been contributing for longer than 30 weeks. I think the state of Pennsylvania pays for that. That, of course, is not any criterion for Canada.

Mr. McMILLAN: Following that up, how do our contributions and our benefits compare with those that you are aware of in the states?

Mr. NELSON: I am afraid I cannot answer that, except in the general way that as far as I am aware we have in Canada one of the better unemployment insurance acts, and I think we do a pretty good job with it. I do not think we have any quarrel—I would like to make this clear—that from the experience I have had in connection with the Unemployment Insurance Act we think it is well run and well administered by a very good commission, and does a good job.

We perhaps differ in the way we approach the problem, but certainly I think there is a complete agreement in the act itself.

Mr. McMILLAN: How do they deal with seasonal unemployment over there?

Mr. NELSON: I do not know, sir.

The CHAIRMAN: Anything else you would like to ask?

Mr. STANTON: Mr. Nelson, is it not a fact that few of the seasonal workers would benefit from the contribution for 52 weeks?

Mr. NELSON: I am sorry, I cannot hear you.

Mr. STANTON: Is it not a fact that few of the seasonal workers would be able to benefit by the extension to 52 weeks?

Mr. NELSON: I would have thought they would benefit considerably. I may be wrong.

Mr. BROWNE (*Vancouver-Kingsway*): I wonder if we can ask Mr. McGregor and others what the benefits would be. Mr. Chairman, all the members of the Unemployment Insurance Commission are with us and it seems to be opening up another area. I wonder if Mr. McGregor could tell us something about that?

The CHAIRMAN: It is up to the committee, if they wish it. At the present time I think that could be introduced when we get into the bill and bring up some of these points. We will make a note of Mr. Nelson's point.

Mr. SPENCER: There is this other point about it, Mr. Chairman, that these gentlemen have come here to present this brief and it might be that Mr. McGregor could provide some information now which, shall I say, might satisfy them that the problems they have mentioned are receiving consideration.

Mr. SKOREYKO: On page 2 you have made the statement:

There seems to be little doubt that benefits are being consistently drawn on a fairly large scale by many who have no intention of seeking employment—

Could you enlarge on that just a little?

Mr. NELSON: I believe, sir, and statistics do bear that out, that the drain on the fund from married women has increased since the withdrawal of the regulation. In any event I think one must follow principles rather than hard and fast lines. There is no means test in the unemployment insurance; I do not think anyone wants to impose one; and I do not think any reasonable person wants to put handicaps in the way of people entitled to benefit. But it does seem fair that there should at least be a mild or modest requirement on the part of the commission that the person claiming benefit does in fact intend to look for a job.

Probably it is very difficult to prove it, but I think it is generally believed in Canada—it is a matter of public belief—that there is a considerable absorption of benefit by people who are not in fact attached to the labour market and have no intention. I think everyone here has had personal experience of the fact that such persons—I am sure I have and I am sure others have—it is a generally accepted fact of unemployment insurance that it is happening. It could only be cut to a minimum and not eliminated.

The CHAIRMAN: Mr. Nelson is a member of the National Employment Committee. He did not advise us of that, and he would like us to know that. There was a request for some information, for the benefit of Mr. Nelson, from the unemployment insurance officials, and I think that would be permissible, provided some of the members of the committee have asked the questions. Mr. Nelson is not in a position to ask them.

Mr. WEICHEL: Mr. Nelson, it would appear that some of these men who have had fifteen or twenty years—

The CHAIRMAN: I understood you withdrew from the committee to let someone else on. We will have to obtain permission to allow you to go on.



Mr. WEICHEL: I had a telephone call saying to be here. I do not know why.

The CHAIRMAN: Well, if the committee will give you permission, you may ask the question.

Agreed.

Mr. WEICHEL: I was saying it would appear that the main complaint here, as we see it, speaking of the retail merchants, probably their employees are different workers and not receiving any benefits at all, like your secretary or someone on your staff who has over the years received this. Would there not be something that could be done to look after these people?

Mr. NELSON: I do not think, sir, it is true to say that weekly employees do not receive benefit. I think the records probably show the opposite. It is the elderly stable form of employment; but I think also any form of employment does show that people with either short or long attachment are entitled to draw benefits.

Mr. WEICHEL: I know many people who have paid in. They are satisfied as long as they are not unemployable. They are satisfied to pay.

The CHAIRMAN: Well, we will hear from the unemployment insurance officials if anyone desires. I did not think the other day it related to the brief that was presented.

Mr. MARTIN (*Essex East*): I would like to know what we are doing now. Are we through with Mr. Nelson?

The CHAIRMAN: No; he was asked if he knew certain facts and he said he did not, in regard to questions of figures and statistics. Someone suggested from the floor—I think Mr. Spencer—

Mr. MACINNIS: Well, Mr. Chairman, I think going along with the argument of the other day, I do not think we should go into anything else until we have completed the brief we have before us.

Mr. MARTIN (*Essex East*): I did not hear you.

Mr. MACINNIS: This is about the sixth interruption about not being able to hear, and I suggest if you cannot hear, move up where you can. Everyone is aware of the acoustics in this room.

Mr. MARTIN (*Essex East*): I did not hear the suggestion.

The CHAIRMAN: Mr. MacInnis has suggested that we defer questioning the unemployment insurance officials until we get into the bill.

Mr. MARTIN (*Essex East*): I think Mr. MacInnis has made an unusually good suggestion.

The CHAIRMAN: He usually does.

Mr. MACINNIS: Mr. Chairman, I suggest Mr. Martin hang around and he will know very well this is a suggestion that has been made in this committee the third time from me.

Mr. BROOME (*Vancouver-Kingsway*): Mr. Martin never likes to hear statistics from a good source.

Mr. SPENCER: Perhaps before we dismiss Nelson—I presume, Mr. Nelson, you are aware—have you read, Mr. Nelson, the brief submitted by the labour organizations to this committee?

Mr. NELSON: No, I have not seen them.

Mr. SPENCER: You are aware, of course, that they are in favour of the extension of these benefits from 36 to 52 weeks?

Mr. NELSON: I was not aware of that, sir. I had no idea what their reaction might be.

Mr. SPENCER: I only raise that point because for the first time I think the C.C.F. party is not represented in this committee this morning. I think it might have been helpful to them had they been here to hear the testimony of these two witnesses, and to have had the opportunity of asking them any questions on this information.

The CHAIRMAN: Any other questions? Do you wish to ask a question, Mr. Martin?

Mr. MARTIN (*Essex East*): No.

The CHAIRMAN: I must compliment you—

Mr. MARTIN (*Essex East*): It is a very excellent brief. I think this brief of the Retail Merchants' Association is of a very high standard.

Mr. NELSON: Thank you, sir.

Mr. MARTIN (*Essex East*): I have a question of privilege I would like to raise before we proceed, and I think it is one that affects every member of this committee.

The other day we had asked for the production of minutes of a certain meeting which was held in Ottawa on August 19, 1958, by unemployment insurance advisory committee. The report of that meeting is now a matter of public record and was tabled in the House of Commons. This committee confirmed a ruling that you made that we were not entitled to the minutes of this committee.

I have before me yesterday's *La Presse* and I see on page 33, in French: "Minutes de la Réunion Tenue à Ottawa le 19 août, 1958", or, "Minutes of a Reunion Held in Ottawa, 19th of August, 1958". These purport to be a complete record. This was denied the members of this committee. It now appears in a leading newspaper of this country and I would like to know the circumstances of publication. I would like to know how *La Presse* were given this report when it was denied to members of the committee. I would like to know whether or not they do represent the real minutes of the committee and, if so, I am now asking that these minutes be produced in this committee for the benefit of the members of this committee, so that we can ascertain whether or not the recommendations made in the bill are in conformity with the decision taken, not only by labour, but by the employers' representatives on the unemployment advisory committee.

It is unbelievable that this secret report denied to the members of this committee should now appear in the press of this country. I do not complain about the press having it. That is, if some enterprising journalist was able to get these minutes, that is no reflection on his journalistic capacity; but it certainly is difficult to understand how we could be denied these minutes and yet they can be made available to someone else, and now published in this way in the press of our country.

Mr. Chairman, I ask you to entertain a motion that the minutes which appeared in the paper yesterday be made available to this committee, so that we can ascertain the position taken by the members of the unemployment insurance advisory committee.

The CHAIRMAN: A motion has already been put once before this committee, and they voted that they are not to be sent for in this committee. As to the authenticity of the report in *La Presse*, I have no knowledge. I do not know if other members have any knowledge of it except what you have, and that would be a matter to be properly asked in the house of the minister of the department who would have that information. I assure you that I have not that information.

Mr. MARTIN (*Essex East*): You have before you officers of the Unemployment Insurance Commission here, now, who can tell us whether these are the minutes. If these are the minutes, those having been denied us, on reading

this secret report in the proper way we will be able to use perhaps this particular journalistic account in the absence of the presentation of the official document. Here we are in a position of having fought for these minutes and having been denied them, and now being able to hold them up for the members of the committee to see.

I suggest it puts this committee in an unfavourable position and one which I believe is a violation of the rights of every member of the committee.

Mr. MACINNIS: Mr. Martin has just held up the newspaper. He wants to question the Unemployment Insurance Commission as to whether these are the minutes, and then he holds the paper up and says here they are for us to read. Until Mr. Martin has proved to us that this is the report, I do not think it should be accepted.

Mr. CARON: The minutes have been published in one newspaper. As Mr. Martin said a while ago, if we want to ascertain if this is exactly what has been going on in the advisory committee, the only way we can be certain of that is that we have the regular minutes placed in front of the committee so that we can see if it is a true copy of those. Otherwise, as Mr. MacInnis said, there is no way to prove that they are the very same minutes. That is why we want to apply to produce those minutes that were denied before this was published. But now that it is published, it is a new matter completely and this is the reason why we ask the committee to give us those minutes so that we can compare them.

Mr. SMITH (*Winnipeg North*): Mr. Chairman, on that point Mr. Martin asked that you entertain a motion to have the minutes published in the press made available to the members of this committee. I wholly agree with your ruling that, first of all, before we can entertain such motion we must determine whether or not the minutes published in the press are, in fact, the minutes of the committee. As you have quite properly pointed out, the place to raise that question is on the floor of the house.

I do not think the argument put forward by Mr. Caron holds any water at all, because he is asking for minutes to be produced of a committee, to compare and see whether they are the same as published in the paper. I think this is a matter that should be properly brought forward on the floor of the house and should not be entertained at this time.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Martin has suggested that this committee has been denied something that they should have a right to have and I want to correct that one at once. It has certainly not been denied anyone by anybody. We had a motion placed before us, as a body, the members of the committee voted on it, and it is a matter that has been disposed of and I do not see why it is being brought up here now. It was the decision of this committee that these minutes were entirely irrelevant to the discussions before us and we are not denying anything to anyone.

The CHAIRMAN: Mr. Martin has the floor.

Mr. MARTIN (*Essex East*): Thank you very much. The young member here, Mr. Smith, has suggested that this is a matter for the House of Commons and what happens in the House of Commons or any other place, of course, is a matter for the members themselves to determine, as members of that house. Undoubtedly, this matter will be raised in the House of Commons, but that has nothing to do with this committee.

Under the rules of parliament each committee, acting within its terms of reference, has full powers to act with regard to matters before it. I have raised in this committee without prejudicing my right, or the right of any other member, to take a similar position in the House of Commons, that the fact that in this newspaper appears what are reported to be minutes of this particular meeting does raise a question of privilege in this committee.



Mr. Browne is quite right; this committee did decide,—I think wrongly,—but did decide these minutes should not be produced for the consideration of the committee. That is not what I am talking about. I am not bringing that matter back again. What I am seeking to do is simply to point out that we members of this committee, having been denied these minutes in the proper procedural way, are now confronted with the fact that they do appear in a newspaper. Are we to be placed in the ridiculous position of allowing the people to see these minutes, thereby enabling ourselves as well to peruse their contents but not able to have them made as one of the exhibits to our deliberations serving as the foundation for our consideration with respect to a very important matter.

Now, the amendment before us proposes an increase in the rates of contribution. That is the fundamental clause in the bill. These minutes deal with that very question. These minutes reveal that every member of the advisory committee was against any increase in the rates of contribution.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, on a point of order—

Mr. MARTIN (*Essex East*): Now we are told it cannot be discussed in the committee—

Mr. BROWNE (*Vancouver-Kingsway*): I am rising on a point of order.

Mr. MARTIN (*Essex East*): I am asking you, Mr. Chairman, to give consideration to the statement I am making. I know with your high regard for the rights of parliament you will see to it that we people today are not denied what is now open to members of the public.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, Mr. Martin is once again attempting to use this committee for political purposes and I, for one—

Mr. MARTIN (*Essex East*): I ask my hon. friend to withdraw that remark, because I take issue with the position he takes without any justification, the suggestion that we in the Liberal minority are acting for the purpose of political advantage. In short, he does not want us to pursue this matter.

Mr. SPENCER: Mr. Chairman, Mr. Browne has risen on a point of order and I think Mr. Martin should take his seat.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Martin has raised this question of the report of the advisory committee. He has raised it in the body of this committee. If he wishes, he can present it in the House of Commons, but he has no right to raise it in this committee. It is a matter that has been voted upon by this committee, and it has been decided it is irrelevant to these discussions. He is attempting to bring the thing back again.

Mr. MARTIN (*Essex East*): May I ask a question of Mr. Browne? What is your authority to say I have no right, as a member of this committee, to ask for the same privilege or prove these minutes and see if they are the same as the newspaper account?

Mr. BROWNE (*Vancouver-Kingsway*): Because the committee denied it and decided it was irrelevant.

Mr. MACINNIS: Mr. Martin is basing his whole argument on the basis of the fact that the minutes published in the press are, in fact, the minutes of the committee. I challenge that statement because we do not know whether the minutes in the press are in fact the minutes of the committee. He does not know that himself, and he bases his whole argument on the fact that they are, in fact, the minutes; and I challenge his argument on that point and upon that only. If he is basing his argument on that point, that is completely irrelevant until it is determined whether or not those are the minutes.

Mr. MARTIN (*Essex East*): My hon. friend has been very fair in his observation. He challenges me to say whether these are the items on which I based my argument. What I point out is here in *La Presse*, one of the

leading daily papers in Canada, appears what purports to be the minutes of a reunion held in Ottawa of the unemployment insurance advisory committee, on August 19, 1958. I do not know whether they are. What I was asking the chairman was that we now ask an official of the Unemployment Insurance Commission, who are now here, to examine these particular reports and tell us whether these are the minutes. If these are the minutes, we can look at them.

My hon. friend, the member from Winnipeg, will agree with the validity of the argument I have made.

The CHAIRMAN: There is just a little flaw in the presentation of your argument. You started three times on the very same question on the premise, by inference, that these were the minutes of the committee. Then you proceeded to make the plausible statement at the end of your submission that they are, and it just does not hold water. I still adhere to the ruling that they are not properly before this committee and it is not within our province to say whether they are right, or not. That will have to be settled on the floor of the house before the committee will entertain it. It is their privilege to decide on the question of whether they want to entertain this or not. At the present time, I think it is improperly before this committee.

Mr. SPENCER: May I have the floor for a moment? I think we now know why Mr. Martin has been so silent up to this point. I would like to make a couple of observations in regard to the motion that has now been advanced by him before you make your ruling.

A report has been made by an advisory committee and that report has been tabled in the House of Commons. Now, I do not understand why there is so much concern about the minutes of a meeting. The report is there and, to the extent that that report is relevant to the bill, that is the only thing that has been referred to this committee. In so far as it is relevant to this bill that has been referred to this committee, it may be referred to.

Now, I know what some of the recommendations are—as indicated by the report tabled in the House of Commons.

May I make this observation? The advisory committee that made this report has four men on it representative of labour, of the workers, and four men representative of the employers.

Now, I think, Mr. Chairman, that it is a fundamental principle that anyone who has a self-serving interest in the matter which comes before anybody is precluded because of that interest from taking a position on that problem. When it comes to the question of contributions to this fund naturally those who are on the committee representing the workers on the one hand and the employers on the other, would, in their own interests, like to place the burden of contribution upon somebody else, and for my part I cannot place a great deal of reliance upon the opinions of men who are serving their own interests whether they make their report to the house or to this committee.

As to their qualifications to deal with a matter of that kind I do not know, but I do know this, that we have had an example of the president of the Teamsters Union saying of the president of the United Automobile Workers that he had no guts, and he had no brains, and we have had the president of the United Automobile Workers saying of the president of the Teamsters Union that he talks with his muscles.

Now, Mr. Chairman, if those men so high in labour have that kind of an opinion of each other, then I think we should consider what weight we should attach to any recommendations coming from that source on a matter of contribution to the fund when what they are deciding is whether the ones they represent should be the ones that contribute or whether somebody else, namely the taxpayers generally of the country, should be the ones that make up the deficiency.

As far as I am concerned I do not think the minutes are going to make any contributions to the deliberations of this committee. The request has been made in the house and it has been refused by the minister, and I do not think that this committee should go in the face of that and ask for these minutes. We have the report, and to the extent that report is relevant we will consider it; but I cannot attach a great deal of weight to the individual opinions of those who are serving their own interests.

Mr. MARTIN (*Essex East*): Mr. Chairman, may I just say a word on what Mr. Spencer has said. I have a lot of respect for Mr. Spencer but I regret to say I must take very serious issue with the attack that he has made on the unemployment insurance advisory committee. Surely, the fact that there are four labour representatives, all well known nationally famous figures, and four representatives of the employers' group on that committee, that does not mean that those men are not capable of taking an objective view as to what provisions should be contained in the unemployment insurance bill.

I must strongly defend the four labour representatives on that committee. Mr. Andras, Mr. Marchand, Mr. George Burt of the United Automobile Workers who comes from my own city, and Mr. McLean, the representative of the Labour Brotherhood. I would say with equal degree that the employer representatives on that committee have worked over a number of years as serious minded members of this committee, and I am sure that the reports that are now tabled in parliament will reveal that these men have given evidence of their capacity to look at these problems objectively. They have not always tried to serve their own selfish interests as has just been suggested and I do not think it is fair for a member of this committee to say that because a man represents a labour organization that on that account he is not capable of making a suggestion that will help the country as a whole.

These men have served, I think, over a long period and the reports that are now tabled in parliament by examination of their contents that they have sort to examine this whole problem objectively.

Now, Mr. Spencer has made another point. He has made it in a very irresponsible way, that the committee, having decided that these minutes should not be available that should be the end of the matter. He says there is nothing in the minutes that is not contained in the report. Well, I have not seen the minutes.

Mr. SPENCER: I did not say that.

Mr. MARTIN (*Essex East*): What I have seen is a report of the minutes and unless Mr. Spencer or the Conservative members of this committee can indicate something to the contrary I am going to assume that the minutes are much more complete than the report that is before parliament; and certainly this particular report of what the minutes are is much more complete than the report, and it gives the reasons why the employees or the employers took the position that a 30 per cent increase in rates of contribution was unfair at the present time, particularly in the absence of a corresponding increase in the rate of benefit.

Mr. Chairman, I ask you—perhaps I can leave the matter this way—I ask you to look into this matter and to be in a position to try and report to us at our next meeting tomorrow, the circumstances of this publication, whether these minutes as reported do represent the actual minutes of the unemployment insurance advisory committee; and if they do, then I serve notice of my intention to ask you to give us the right to examine the original minutes and to question the members of the unemployment insurance advisory committee who are the authors of this document. Failing that, we will not be receiving



in this committee the kind of opportunity for the fullest assessment of the submission made by the government of the suggestions made by the government of these amendments.

Mr. MACINNIS: Mr. Chairman, there are a lot of remarks and a lot of statements made here today leading up to whether these minutes should be before this committee or not, and it has already been decided, the committee has taken their own decision that as far as the minutes of this advisory committee are concerned coming before this committee, it is out of the question. The committee has already made their decision on that, and I do not think we should discuss it further.

I should like to associate myself with the remarks made by Mr. Martin in regard to labour's representatives on this advisory committee. I do think labour's representatives on this committee are there, and regardless of what we may think about them they are there naturally on behalf of labour, and to make sure that labour gets the proper representation, the same as the employer representatives do on behalf of the employers.

I think that in the service of labour in this regard they at all times do their utmost to fulfil that job. But at the same time I cannot associate myself with the idea that anybody representing labour—and I come directly from labour and I will state this point at any time or any place before any labour group—I do not think that anybody who is representing labour on any advisory committee should up and quit that advisory committee because the game is not played according to their own rules.

I take exception to the action of these two men representing labour who resigned. I think they did a disservice to labour and in all possibility the fact that they have resigned from the board is probably the best thing that could have happened; and I suggest that if men are going to represent labour on such a board they should do so; and it is in the best interests of labour that if they think there is something happening in the commission or advisory body that is detrimental to labour, that is all the more reason why they should stay with it. For that reason I cannot, along with Mr. Martin, argue that these men who have resigned have done that in the best interests of labour.

I will say that labour's representatives on these commissions naturally are there in the interests of all labour, and so it is not necessarily meant that they can arrive at a mutual agreement with other representatives on the board.

Mr. SIMPSON: Mr. Chairman, I do not know what your agenda was for this morning. I do not know if you are going on with it or not.

The CHAIRMAN: The agenda was completed. Both briefs have been presented.

Mr. SIMPSON: It seemed to me we have briefs before us from the Canadian Retail Merchants Federation. Are we here to discuss these briefs? I do not think we have disposed of them yet, and we are getting off the track.

The CHAIRMAN: We are finished with it now and the question came up whether we should hear from the unemployment insurance officials about a point or two that was raised by Mr. Nelson, and we decided by mutual consent that it would be left until we got into the matter of the bill. Mr. Martin raised this subject of a press report in *La Presse*, as to the minutes and the authenticity of that has not been established, as he is asking for this committee to look further into it and establish that they are authentic; and if they are authentic, he is asking for the right to have them before this committee.

I do not think the committee should be the agency to acquiring information for members.

Mr. MARTIN (*Essex East*): May I ask you now not to make the mistake you made the other day? We have got along very well this morning. You have no right to assume what the committee will decide. I asked you to see

if these are the minutes, and if they are we can deal with it. I do not think you should assume a role that belongs to the committee collectively.

Mr. SPENCER: I would like to have a word in reply to a couple of remarks Mr. Martin made concerning myself. I want to state now explicitly, and as strongly as I can, that I was not reflecting any way upon the ability of either the representatives of employers or the representatives of labour so far as their capabilities are concerned.

I was only pointing out, Mr. Chairman, that there is nobody on the advisory committee representative of the taxpayers at large. The only ones that are on there are representatives of labour and representatives of the employers, the contributors to this fund, and the point that I make is that whether they are capable or not of giving an objective opinion, the fact still remains that they have an interest. It was a question of the weight that should be attached to the opinions of any one who has an interest in the subject matter of it.

The same thing applies to any procedure, in the courts or otherwise. A judge must consider the weight he is going to attach to the evidence of any witness, depending on whether that witness has an interest in the subject matter upon which he is expressing an opinion. I was merely pointing out that by reason of the constitution of this committee, representing only two segments of our whole economy. There being no one who can speak on behalf of the taxpayers at large, we should consider how much weight should be attached to the opinions of those two representatives in so far as they are dealing with finances, dealing with the contributions to the fund, as to whether they should come out of those whom they represent, or whether they should come out of somebody else. That was the point I was making, and that was the sole point I was making.

Mr. SMITH (*Winnipeg North*): We have no motion before us, and I imagine this matter is not properly to be entertained by this committee. Whether or not these are the authentic minutes that have been published in the press is a matter that falls within the jurisdiction of the Department of Labour, and should be brought up on the floor of the house. Until we have a motion calling for us to deal with this matter, or something of that sort, I think this matter is quite irrelevant. There is no motion before us on this.

Mr. CARON: Mr. Chairman, I admit there is no proper motion placed before the committee this morning. There was a very good suggestion made by Mr. Martin, that the chairman should study the question and report at another meeting.

Mr. SMITH (*Winnipeg North*): There is no motion to that effect.

Mr. CARON: It may be. We want to express our views, the same as you have the right to express your views. We believe, as Mr. Martin said, that once it has been published in one of the most important newspapers of Canada, then we are in a very bad position, because everybody knows, officially, except the members of the committee and the members of the House of Commons. If the suggestion had been accepted by the chairman to study the matter—as Mr. Martin said—and then report at the next meeting, we would be in a position to make a proper motion.

But if this is denied to us, that the chairman will study the matter, I really believe that we will have to go and make a proper motion for the production of that document, and it would not serve the purpose of this committee if it was denied again.

Mr. Browne said it was not denied. I do not know; my English may not be good enough to be able to understand his point of view; but I know that, in French, it has been denied in such a way—regularly, if you want to put it—but it was denied in the house and it was denied over here. We have something

new to present this morning; we have a publication in the press, which was not here when it was decided then. If it had been here, maybe the committee would have taken another step. If it had been published when the members were in the house the other day, maybe the minister would have changed his mind on the matter. That is one thing we do not know; it will have to be asked again.

The committee, as Mr. Martin said, has not at all to depend on what has been decided in the house. Authorities have been consulted since, and I was told that this is a small parliament in itself, with the same power as parliament to decide upon any question of interest to that bill, or on the matters which arise from it. Those are constitutional authorities, which are much better than I am to discuss these matters, and much better than any member of this committee, because we did not have the chance to study them as they did.

So that this is a small parliament in itself. The committee has the right, by itself, to decide on the matter of the production of that paper, and I believe if the suggestion were accepted to permit the chairman to think of it and to study the matter in a more formal way, then at the next sitting of this committee we could have the answer of the chairman.

If the answer of the chairman does not agree with our views, then we will put a proper motion for the production of that document. If it agrees with us, well it may be other members will put a motion not to produce that, so we might not get very far. But I think the chairman has all the facilities in the world to study the matter, discuss it with the minister, discuss it with the authorities—the constitutional authorities of parliament—and then everybody would be satisfied.

Mr. SMITH (*Winnipeg North*): We still have no motion before us. You have not got any more power than the Minister of Labour; you have no power to investigate this.

The CHAIRMAN: Mr. Caron, you did not have to belabour it as much as you did, because Mr. Martin had covered that point very thoroughly, and his conduct—while it is not 100 per cent exemplary this morning—has been the nearest approach to the ideal, and I will go along with the suggestion that I look into it. I cannot compromise the situation any further than that. I will look into it, as has been requested.

Mr. MARTIN (*Essex East*): Do I understand that you will report tomorrow?

The CHAIRMAN: I will look into it.

Mr. MARTIN (*Essex East*): We are going to have a meeting tomorrow?

The CHAIRMAN: We are going to have a meeting tomorrow of the C.L.C. and the Canadian Bankers' Association.

Mr. MARTIN (*Essex East*): Since you have seen fit to comment, Mr. Chairman, on the good conduct of the members of this committee, may I say that this morning you, yourself, have acted in a most exemplary manner. I hope that you will uphold that high position you have established by reporting back to us not later than tomorrow as to whether or not these minutes are the minutes. Also, I would hope we can have the highest officials of the commission here so we can ascertain whether or not these are, in fact, the minutes. I would very much appreciate your cooperation in this regard.

The CHAIRMAN: I said I would look into the matter for you. I am not taking that barrel, full of assumptions, you have loaded on my table here. I will look into it, and I will report—no recommendation.

Mr. SPENCER: I would suggest, Mr. Chairman, that inasmuch as you have witnesses coming before the committee tomorrow, before we get into the



hassle and a repetition of what has been said a dozen times, we hear the witnesses tomorrow first and hear their briefs, so that they can go on home.

Mr. MACINNIS: Mr. Chairman, did I clearly understand that you are not obligated in any way to bring back to Mr. Martin a decision as to whether those are the proper minutes or not? You are not obligated?

The CHAIRMAN: No; I only said I would look into it and report on it.

Mr. MACINNIS: I want that made clear.

Mr. BEECH: On this note of mutual admiration, may I move that we adjourn the committee?

The CHAIRMAN: If we keep on any further, it might get out of the field of mutual admiration. I do not easily get buttered up. I think we can adjourn the meeting now. We have had a session since 9.30 and we have been here two hours.

Mr. MARTIN (*Essex East*): At what time is it proposed that the committee meet tomorrow morning?

The CHAIRMAN: Nine o'clock.

Mr. MACINNIS: Are we to meet in this room again?

The CHAIRMAN: No, room 238.

Mr. SPENCER: Mr. Chairman, I think we should express to Mr. Nelson our appreciation for his coming and the work that has been one in connection with this brief, and may we thank him very much for his efforts?

The CHAIRMAN: Yes. It was excellent and your remarks are appropriate.

The committee adjourned.









Canada. Industry Relations.  
Standing Committee on C-43  
HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament  
1959

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STANDING COMMITTEE

ON

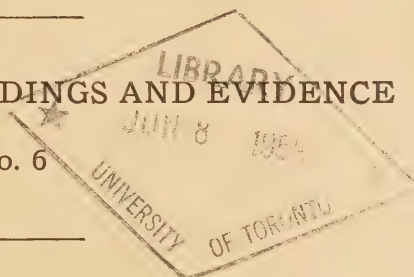
**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6



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BILL No. C-43

An Act to amend the Unemployment Insurance Act

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FRIDAY, MAY 29, 1959

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WITNESSES:

*From the Canadian Bankers' Association:* Mr. Harold W. Thomson,  
Vice-President.

*From the Canadian Labour Congress:* Messrs. Claude Jodoin, President,  
and A. Andras, Director of Legislation.

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

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*Vice-Chairman:* T. Ricard, Esq.,

and Messrs.

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Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Drouin,  
Grafftey,  
Granger,  
Lafrenière,

Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McMillan,  
McWilliam,  
Mitchell,

Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Peters,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
*Clerk of the Committee.*



## MINUTES OF PROCEEDINGS

FRIDAY, May 29, 1959.

(9)

The Standing Committee on Industrial Relations met at 9.00 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Bell (*Saint John-Albert*), Browne (*Vancouver-Kingsway*), Caron, Grafftey, Granger, Lahaye, MacInnis, MacLean (*Winnipeg North Centre*), Mandziuk, Martin (*Essex East*), Martini, Muir (*Cape Breton North & Victoria*), Peters, Ricard, Simpson, Skoreyko, Small, Smith (*Winnipeg North*), and Thrasher.—(19)

*In attendance: From the Canadian Bankers' Association:* Messrs. Harold W. Thomson, Vice-President; C. R. J. Gandey, Staff Officer, and H. L. Robson, Assistant Secretary.

*From the Canadian Labour Congress:* Messrs. Claude Jodoin, President, and A. Andras, Director of Legislation.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; C. A. L. Murchison, Commissioner; James McGregor, Director, Unemployment Insurance, and C. Dubuc, Director, Legal Branch.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

Mr. Martin (*Essex East*) requested a report on his question of privilege raised the previous day dealing with the publication in *La Presse* of the minutes of the Unemployment Insurance Advisory Committee.

The Chairman stated that the Committee should first hear the delegations before the Committee and he would then make his ruling.

After discussion, it was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that the Chairman *now* report on Mr. Martin's question of privilege. The motion was negatived on the following division: YEAS, 2; NAYS, 5.

The Chairman then called Mr. Thomson who read the brief of the Canadian Bankers' Association, copies of which were distributed to members of the Committee.

Mr. Thomson was questioned.

Questioning concluded, Mr. Thomson was thanked by the Chairman for his brief.

The Chairman then called Messrs. Jodoin and Andras of The Canadian Labour Congress for further questioning.

After debate, it was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that this Committee be allowed to ask the President of the Canadian Labour Congress to explain his assertion that the Minister of Labour had not complied with the Unemployment Insurance Act in that he had not consulted Labour, as required by the Act, in the appointment of a member of the Unemployment Insurance Commission.

The Chairman ruled the motion out of order. Mr. Martin (*Essex East*) appealed the Chairman's ruling. The said ruling was sustained on division.

Questioning concluded, the Chairman thanked the representatives of the Canadian Labour Congress for their brief. Mr. Jodoin expressed his appreciation for the interest of the Committee in the Unemployment Insurance legislation.

*Agreed*,—That detailed consideration of Bill C-43 would commence Tuesday, June 2.

At 11 a.m., the Committee adjourned until 9.30 Tuesday, June 2.

M. Slack,  
*Clerk of the Committee.*

## EVIDENCE

FRIDAY,  
May 29, 1959.  
9 a.m.

The CHAIRMAN: Gentlemen, we have a quorum and we will proceed.

Mr. MARTIN (*Essex East*): Mr. Chairman, before we proceed this morning may I ask you if you have had the opportunity of giving consideration to the request made yesterday by Mr. Caron, myself and some others, with regard to a report in one of the Canadian daily newspapers, wherein the minutes of the advisory committee of August 19, 1958 are reported.

Mr. BELL (*Saint John-Albert*): Before you answer this, Mr. Chairman, may I say one thing. This is the type of question that, regardless of how you answer, you are going to open up this procedural business again today, and I think you should weigh your answer very carefully.

I respectfully suggest that we cannot keep these delegations waiting the way we have every day and expect to have any degree of respect, so far as this committee of the House of Commons is concerned.

Mr. MARTIN (*Essex East*): I think that is a very uncalled for observation. You are suggesting the chairman has not the sense of responsibility to make a statement; I believe he has.

In connection with keeping members of the delegation waiting, that may be true; but we must not forget we are members of this committee and the business of the committee must be pursued in accordance with the commitments made at previous meetings, and in accordance with our own sense of what is appropriate to the occasion. The chairman will dispose of this and I do not think he needs any suggestion from more experienced members of his party in connection with what he should say.

The CHAIRMAN: It was the consensus of opinion yesterday or, at least, my sensing of the opinion yesterday, that the members would like to hear the briefs first this morning and that my remarks would be deferred until after the briefs were submitted. Accordingly, I am ruling that.

Mr. MARTIN (*Essex East*): You say that was your sense of the decision of the meeting. I do not know how you arrived at that sense. Mr. Bell has expressed his desire but he, distinguished as he is, is only one member of the committee.

I would ask you now, in accordance with our decision of yesterday, to tell us whether or not you have arrived at a decision as to whether or not the minutes in *La Presse* really are the minutes of the meeting?

The CHAIRMAN: My answer to that is this: this is not the appropriate time and we will proceed with hearing the briefs.

Mr. MARTIN (*Essex East*): I move we now ask you for a report.

Mr. CARON: I second that motion.

Mr. MARTIN (*Essex East*): It is based upon yesterday's request with regard to these minutes.

The CHAIRMAN: You have heard the motion by Mr. Martin which was seconded by Mr. Caron, that they hear my report. All in favour?



Mr. MACINNIS: In speaking on that motion—

The CHAIRMAN: Go ahead, Mr. MacInnis. You have heard the motion, are you ready for the question?

Mr. MARTIN (*Essex East*): You asked for all those in favour and you have not asked for those against.

The CHAIRMAN: I said you have heard the motion; are you ready for the question; and Mr. MacInnis wanted to say something.

Mr. MACINNIS: I do not want to get involved in a procedure in calling a vote which has already developed, but what I was going to call to the attention of the chair—and I do not mean to interrupt—is the fact the vote is called; also in connection with the last remarks made in yesterday's meeting, you are in no way committed to bring in any kind of decision.

The CHAIRMAN: The question is before the meeting. All those in favour? All opposed?

I declare the motion lost.

We have the bankers' association with us this morning; they have a very brief report.

Mr. MACINNIS: Before we continue on, Mr. Chairman, I would like to make a correction in the evidence which was given on the last occasion this organization was before us, May 22. I was hoping this correction would kick this meeting off in a little better humour than the last number of meetings we have had. I was making remarks in regard to paid employment agencies. I have been credited with saying:

I can understand how an unemployed worker will use any possibility available to obtain employment, even through Kate Aiken.

I think what I did say was:

I can understand how an unemployed worker will use any possibility available to obtain employment, even through paid agencies.

I cannot say how it crept in, but it is there and recorded as such.

Mr. BROWNE (*Vancouver-Kingsway*): Since we are dealing with matters of correction at this time, I would like to bring to the attention of the committee that there are a number of remarks on page 143 of the fourth proceedings which are attributed to me. The only one I did make was the very one at the top of the page. I did not make any other statement on that page which is attributed to me.

The CHAIRMAN: You want them deleted?

Mr. BROWNE (*Vancouver-Kingsway*): Yes.

The CHAIRMAN: Now, to get back to the presentations, I would suggest we hear the bankers' association brief first. It is very brief. It is only three pages in length and I suggest we hear from Mr. Thomson at this time. He is the vice president of the bankers' association and I will ask him to introduce the delegation.

Mr. MARTIN (*Essex East*): Are there copies of this brief available?

The CHAIRMAN: Yes.

Mr. H. W. THOMSON (*Vice President, Canadian Bankers' Association*): Mr. Chairman and gentlemen, on my right is Mr. Gandey of the Royal Bank of Canada staff department and Mr. H. L. Robson, assistant secretary of The Canadian Bankers' Association.

1. The Canadian Bankers' Association acknowledges the invitation to appear at this time before the committee and takes this opportunity of expressing views on the amendments of the Unemployment Insurance Act

proposed in Bill C-43, an Act to amend the Unemployment Insurance Act, and on the unemployment insurance scheme in general, as they affect employees of the member banks of the Association namely, the nine banks chartered under the Bank Act.

2. From a survey of all banks showing separations of employment for those in the salary ranges from \$4,801 to \$5,460, (the increase over \$4,800 in the "wage ceiling" of insurability—clause 3 of Bill C-43), it is indicated that out of a total staff of approximately 2200 only an average of 6 persons left banks each year for other employment during the past five years. Severances for other reasons, excepting those proceeding on pension but consisting mainly of those discharged for dishonesty or infraction of regulations, ran considerably lower than this figure. The remainder who left banks during the five year period comprised pensioners in receipt of adequate pensions.

3. In all cases their pensions exceed the maximum benefits payable under the act and, while not essentially in need of jobs, these people are, in the eyes of the unemployment insurance provisions, unemployed and entitled to benefits. Obviously the purpose of the act was not intended to cover such persons and any payments received are simply a drain on the fund which could clearly be used to better advantage.

4. There is little need for protection for bank employees in the \$4,801 to \$5,460 bracket as our rate of separation, as mentioned above, is practically nil excepting for those proceeding on pension. It is our view that staff presently earning in excess of \$4,800 would not take kindly to being insured, for, as a group, they feel they have no need of the protection and that payment of contributions is simply another tax. In the circumstances the banks are of the opinion that there is no necessity for extending the coverage further as far as their employees are concerned.

5. It seems to us that there is unwarranted discrimination in the act as it stands today. For example, by exempting those working in the civil services at all levels (except temporary employees) and also those employed in government agencies, the act already recognizes stability of employment as an important factor in the field of unemployment insurance and yet applies it on a discriminatory basis. A further illustration of this is that the teaching profession is also exempted from contributing to the fund.

6. The Minister of Labour has expressed concern over the financial position of the fund and it would seem that the government should consider the elimination of certain claims such as those of pensioners in receipt of adequate pensions, married women whose husbands are gainfully employed, etc.

7. The large labour force previously mentioned as exempt could also be brought into the fund which, in addition to providing additional revenue would, as pointed out in the commission's handbook to workers, spread the cost over all types of employment and thereby keep contributions at a low figure.

8. In summary, therefore, the representations of the Canadian Bankers' Association are:

1. In light of the pensions available to bank employees in the salary ranges between \$4,800 and \$5,460, extension of unemployment insurance benefits to bank employees within this salary bracket is unnecessary; this would result in an unnecessary drain on the fund.

2. Attention is drawn to the discrimination which results from exempting certain classes of workers from the unemployment insurance scheme, and the revenue available to the fund if they were included.

3. Consideration should be given to the elimination of coverage of those to whom other income is available.

All of which is respectfully submitted.

Ulric Roberge,  
President,  
The Canadian Bankers' Association.

The CHAIRMAN: Thank you, Mr. Thomson. Do you wish to ask Mr. Thomson any questions?

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I wonder if I might ask this question? In their brief they are asking that these employees in the \$4,800 to \$5,460 bracket in the banking industry be exempted from being brought under the act; is that right?

Mr. THOMSON: Yes, primarily that is so.

Mr. BROWNE (*Vancouver-Kingsway*): And then, further down—in clause 2 on page 3—you say that attention is drawn to the discrimination which results from exempting certain classes of workers from the unemployment insurance scheme.

I am just wondering how you reconcile those statements. You seem to say, in one place, that it would be a discrimination to leave some out and, on the other hand, you ask that some be left out.

Mr. THOMSON: Our feeling is that, due to the permanency of employment in the banking industry—if I may call it that—we should perhaps not be included in the act at all; but since we are in, we think that, at a \$4,800 level, that should not be increased. A person who is employed in a bank and reaches that level of salary has usually committed himself to becoming a banker permanently, and there is very little chance of his being laid off.

Mr. BROWNE (*Vancouver-Kingsway*): Then, to which classes are you referring when you say you are drawing attention to the discrimination which results from exempting certain classes?

Mr. THOMSON: The civil servants, for instance—I assume that is on the basis of permanency of employment—are excluded from the act.

Mr. BROWNE (*Vancouver-Kingsway*): Are you suggesting that they should be brought into it?

Mr. THOMSON: I would think they would be, normally.

Mr. BELL (*Saint John-Albert*): May I ask a similar question, Mr. Chairman? What you say in your No. 1 suggestion applies to all of your bank employees who pay unemployment insurance; but you feel that it would be in order for you now to object to this further increase?

Mr. THOMSON: Yes.

Mr. BELL (*Saint John-Albert*): When did you realize that this unfairness became serious? Have you always felt that you should not be included, and have you ever made any other representations?

Mr. THOMSON: This association has made representations at every opportunity, every time the act has come up for discussion in this committee or similar committees.

Mr. BELL (*Saint John-Albert*): And you do not feel you should be under coverage for any of your classes?

Mr. THOMSON: That is right.

Mr. BELL (*Saint John-Albert*): It is so very few, under your circumstances, who would benefit?

Mr. MACINNIS: This brief seems to be summed up fairly well in paragraph 5. Going along with what Mr. Bell has already stated, there is reference to the Civil Service and the fact that the act already recognizes stability of



employment as an important factor in the field of unemployment insurance: it also makes reference to a further illustration, that the teaching profession is also exempted from contributing to the fund.

If this were the attitude adopted by labour and other groups throughout the country who do have stability of employment and have been paying into this fund for a period of 17 or 18 years without drawing benefits from it, there just would be no such thing as the Unemployment Insurance Act. Just what is your thought on that?

Mr. THOMSON: With insurance, I think the risk should bear some relation to the premium, as is normal in most insurances. Since we are covered by the act and, I assume, not likely to be exempted, we feel that perhaps a preferred premium rate might be more in line with what is due us.

Mr. BELL (*Saint John-Albert*): Would you say that your employees would feel the same way about that? I realize that it is perhaps not too fair a question; but in a general way, would you feel your employees would go along with that and not wish to be covered, or do they feel there might be a time when they would rather be insured?

Mr. THOMSON: Under the provisions of the act, I think there are times when they can elect to be insured, and so far as we know there have been no cases of their electing to be covered after they got to the limit.

Mr. BELL (*Saint John-Albert*): You have not had previous periods in bank history where there have been lay-offs?

Mr. THOMSON: No, sir.

Mr. CARON: Could you tell us if the Bankers' Association believes that a 30 per cent increase is excessive, or fair, without an increase in benefits?

Mr. THOMSON: I am not sure I get the question correctly.

Mr. CARON: The increase is 30 per cent; that is the average increase?

Mr. THOMSON: Yes.

Mr. CARON: Does the bankers' association think that the increase in contribution is fair, or excessive, if the increases in benefits are not increased?

Mr. MACINNIS: Mr. Chairman, I would suggest—although I do not mean to answer the question for the gentleman—but I would suggest that since this is fairly well laid out in paragraph 5 it is not necessary for these gentlemen from this association to make any reference at all to increases, because it is very obvious, in my opinion, they would choose to be outside the fund altogether.

Mr. MARTIN (*Essex East*): Mr. Chairman, Mr. MacInnis is continually interrupting questions put by members of the committee. Mr. Caron has asked a question, and it is not open to any member of the committee to intervene when the question is put.

Mr. MACINNIS: I would point out the answer is in paragraph 5.

Mr. CARON: I asked this question because these men are very able to deal with financial matters, and this is a question which is very important as far as finance is concerned; and that is why I am putting it.

The CHAIRMAN: Mr. MacInnis, the question is obviously in order; but the observation made by Mr. Martin can apply to both sides asking questions and not interrupting one another. It seems to me the offence has happened on both sides.

Mr. MARTIN (*Essex East*): We never interrupt intentionally. It seems to me you always have to pick any criticism of the members of your party with an observation against us. This last remark of yours was absolutely uncalled for.

Mr. BELL (*Saint John-Albert*): But he is the chairman, Mr. Martin.

Mr. MARTIN (*Essex East*): Such a display of partisanship I have never seen in the last 25 years.

Mr. BELL (*Saint John-Albert*): A lot of things are going to be different from the previous 25 years in this committee.

Mr. CARON: Could you answer that question?

Mr. THOMSON: I am afraid I have no views.

Mr. CARON: There was an increase of 30 per cent in contributions—

Mr. THOMSON: I may have misunderstood the question.

Mr. CARON: But there is no increase in benefits. Do you believe this increase of 30 per cent may be excessive or fair?

Mr. THOMSON: I am not qualified to answer that; I have no views on that.

Mr. MARTIN (*Essex East*): Your association has not any opinion to offer as to whether or not the proposed rates of contribution of 30 per cent on the average, and in some cases as high as 50 per cent—you have no comments to make on that?

Mr. THOMSON: We have not studied that.

Mr. CARON: Have you studied the replenishing of the fund, which is said to be in a dangerous position? Has your organization studied that matter?

Mr. THOMSON: The replenishment of the fund?

Mr. CARON: In the average of \$9 million and down to something over \$4 million?

Mr. THOMSON: No, we have not studied that.

Mr. MUIR (*Cape Breton North and Victoria*): Mr. Chairman, might I ask what it is costing the bank annually for contributions?

Mr. THOMSON: I have not got that figure for all the banks; but I have it for one bank. I have for one bank a figure of \$360,000, which includes the increases proposed under the amendment.

Mr. MUIR (*Cape Breton North and Victoria*): The proposed increases?

Mr. THOMSON: Yes.

Mr. MARTIN (*Essex East*): What do the increases come to?

Mr. THOMSON: It is \$110,000.

Mr. MARTIN (*Essex East*): In that bank?

Mr. THOMSON: Yes.

Mr. MARTIN (*Essex East*): Almost one-third in addition to what they have been paying?

Mr. THOMSON: Yes.

Mr. MUIR (*Cape Breton North and Victoria*): How many employees has that bank now?

Mr. MARTIN (*Essex East*): It is a small bank?

Mr. MUIR (*Cape Breton North and Victoria*): Martin's bank!

Mr. THOMSON: In excess of 12,000.

Mr. BELL (*Saint John-Albert*): If I may follow that question up, that would indicate that there is quite an excessive group that this legislation will affect in banking associations? That is, the main group of your employees must be in this category—above \$4,800?

Mr. THOMSON: Yes, I think that is true. The total employees in Canadian banks in January 1959 was 57,000-odd—57,227,—of which 33,000 are young women, all of whom would come under the act, and a substantial number of the 24,000 men.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, this would indicate the increase that has just been stated is just about an average of 30 per cent and not 50 per cent as has been suggested in some circumstances. It seems to me that would indicate the employees were not coming in under the new groups, but were groups that were previously covered?

Mr. MARTIN (*Essex East*): What does the witness say about that?

Mr. THOMSON: The number coming in is indicated in the brief, and it would be 2,200.

Mr. MACINNIS: Do you mean it only affects 2,200?

Mr. THOMSON: Yes.

Mr. MARTIN (*Essex East*): I take it your employees regard this as a pretty serious additional tax which is being imposed upon them?

Mr. THOMSON: They do not like it, sir.

Mr. MACINNIS: Just about how many pensioners, how many people go on pension from the association, say, in the normal period of a year?

Mr. THOMSON: I can give figures for one bank only, and that is all I have with me.

Mr. MACINNIS: That would be close to the average?

Mr. THOMSON: During a five-year period there were 165 persons retired on pension who were in receipt of a salary within these brackets, \$4800 to \$5460. There would be many more who were in excess of those figures.

Mr. CARON: What was the average pension of these people who received a pension?

Mr. THOMSON: I have not that with me, sir.

Mr. MACINNIS: The figure for this one bank you are giving, is it close to the average of all the other banks within the association?

Mr. THOMSON: I would be guessing about that.

Mr. MACINNIS: I know, but approximately. Is it one of the smaller banks?

Mr. THOMSON: No, it is a large bank.

Mr. MACINNIS: It is one of the larger banks?

Mr. THOMSON: Yes.

Mr. MACINNIS: We could assume it is costing better than the average or, at least, we will say the average anyway?

Mr. THOMSON: Yes, I would think so.

Mr. MACINNIS: You say in a period of five years there have been 165 people come under that category?

Mr. THOMSON: Yes, 165 people.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, there is one point which I would like to clear up. Paragraph 2 of the brief; are we to understand that of all the banks covered by this brief, there were only 2200 employees coming in the salary range between \$4,800 and \$5,460?

Mr. THOMSON: That is right.

Mr. BROWNE (*Vancouver-Kingsway*): What is the total number of employees in the banks?

Mr. THOMSON: It is 57,000.

Mr. BELL (*Saint John-Albert*): Getting back to Mr. MacInnis' question, Mr. Thomson; you say that the employees would not be happy about this increase; but at the same time the ones going on pension certainly would not be happy about your statement that they would not receive the insurance on pension?

Mr. THOMSON: We have, probably, 45,000 who are unhappy.



Mr. MARTIN (*Essex East*): 45,000?

Mr. THOMSON: Yes.

Mr. MACINNIS: That is mainly because of the point I brought up before, because the bankers' association and the people employed in banks feel they should be outside the fund, the same as civil servants and the teaching profession. In other words, the bankers' association does not have to stress any one point here today, except they are against belonging to the fund.

Mr. MARTIN (*Essex East*): I think—

Mr. THOMSON: I think that is correct.

Mr. MARTIN (*Essex East*): But I think, in fairness—

The CHAIRMAN: Mr. Martin, there is an example of the offence—I draw your attention to—of which you were complaining a moment ago. You interrupted a question of Mr. MacInnis.

Mr. MARTIN (*Essex East*): You are quite right, Mr. Chairman, and I am sorry.

The CHAIRMAN: Mr. MacInnis have you finished?

Mr. MACINNIS: I finished what I intended to say.

Mr. MARTIN (*Essex East*): I think, in fairness to the witness, it ought to be pointed out that while that is their position, while they recognize they are inescapably included in the bill and will be for all time, they think there ought to be increased coverage to groups not now in. I think that is the position they have taken.

Mr. THOMSON: Yes. I think that would be fair.

Mr. MACINNIS: I have one more question. You have stated that at every opportunity you have appeared before this committee to present your views. At the time you were taken into this fund, did you present the view that the people in the banks did not wish to participate?

Mr. THOMSON: Yes.

Mr. MACINNIS: When was that?

Mr. THOMSON: In 1935 and again in 1940.

Mr. MARTIN (*Essex East*): When the act was brought in.

Mr. THOMSON: In the preliminary stages in 1935 and again in 1940 when the act was brought in.

The CHAIRMAN: Are there any further questions?

Mr. BELL (*Saint John-Albert*): You do not have any sort of an organization or union within your banks, do you?

Mr. THOMSON: No.

Mr. MUIR (*Cape Breton North and Victoria*): You do not have a union. You are today speaking for your employees. You are the employer, I would assume. You are speaking on behalf of your employees with their authorization, I would assume.

Mr. MARTIN (*Essex East*): If you wish to organize, Mr. Jodoin right behind you is available.

Mr. BELL (*Saint John-Albert*): I must admit he looks quite interested.

Mr. MACINNIS: May we have the answer. It is most interesting.

Mr. THOMSON: I do not think I have anything to say about it.

Mr. MUIR (*Cape Breton North and Victoria*): Possibly there has been a referendum among the employees and they have authorized their employer to speak on their behalf.

Mr. BELL (*Saint John-Albert*): I would like to ask a question along that line, but not pursuing the exact question. Would these employees who would

benefit on going out on pension, and the ones who are even in this salary range which might be affected, be more or less the non-professional type of banker, that is, the secretarial type, or would they be permanent male employees who have been in the bank and moving up the scale? I am endeavouring to see for our information whether or not the points which are made are more or less applicable to a certain segment of the bank employees. I realize it hits a salary range; but can you carry that further and say it applies to female secretaries and similar types of employees, or will this also affect so-called professional male bankers who have been in the banks all their lives.

Mr. THOMSON: Without a detailed study it would be very difficult to answer that question. I can only speak for my own bank. I think they would be a cross-section of a variety of positions, posts or whatever you wish to call them.

Mr. MUIR (*Cape Breton North and Victoria*): In connection with the number of persons to which you refer in paragraph 2 in respect of leaving the bank in the course of a year, I assume there are more male and female staff being married and leaving the bank than there would be pensioners in a year. Is that true?

Mr. THOMSON: Yes, quite a number; yes, more.

Mr. MUIR (*Cape Breton North and Victoria*): With the figures of the bank which you have given us in the course of a year in the eight or nine chartered banks as an average, there would be about 150 pensioners a year.

Mr. THOMSON: That is over a five-year period.

Mr. MUIR (*Cape Breton North and Victoria*): It would break down to about 150 a year or something like that as an average in the nine associated chartered banks leaving by way of pension. There probably would be ten times that number of personnel leaving because of marriage.

Mr. THOMSON: The 156 is in a small salary group from \$4,801 to \$5,460. There are quite a number of others leaving on pension.

Mr. MUIR (*Cape Breton North and Victoria*): Yes. However, I suppose the majority of persons leaving the banks would leave because of marriage?

Mr. THOMSON: "Domestic duties" is the expression we use.

Mr. SIMPSON: I wish to ask a question in respect of this difference of opinion as to these persons going out on pension. It is odd, as far as I am concerned. I am quite sure of the fact that without exception every representation made to me in an effort to endeavour to have this ceiling raised above \$4,800 was from men who were going on pension within the next three or four years. In that same group which approached me there are quite a number over the \$4,800 class who I think were paying their own unemployment insurance as well as the employer's contribution. Therefore, any way I could look at it, these men going out on pension were very interested in that wage bracket.

The CHAIRMAN: I think the questioning is at an end. I thank you very much, Mr. Thomson, for coming here and presenting your brief. I appreciate your interest.

Mr. Jodoin and Mr. Andras are here. I believe they will resume where they left off last Friday. As I understand it, they will now be asked questions. The meeting is in your hands.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, I would like to ask Mr. Jodoin, if this committee, in the light of all the information which is before us here, should decide it is a question of all the amendments going through as they are or not at all, what would be the position of the Canadian Labour Congress?

Mr. CLAUDE JODOIN (*President, Canadian Labour Congress*): I think the position of the Canadian Labour Congress would be exactly as has been expressed in our brief. As far as we are concerned, we recognize this as a policy, and of course we will try necessarily to advance the opinions formulated in the memorandum we have introduced before your committee. You will readily realize that in our estimate, improvements may be both practical and necessary. We have some aims and aspirations and we hope in the House of Commons—to use a baseball term—that the batting average on the suggestions made would be good.

Mr. BROWNE (*Vancouver-Kingsway*): I realize there are things you want to accomplish. But if it were a question of either these amendments going through as they are or not going through at all, how would you stand on that question?

Mr. JODOIN: We indicated that there were some improvements suggested by the bill itself, but it would seem to us that the increases are not compensated for by an increase in benefit.

Mr. BROWNE (*Vancouver-Kingsway*): I take it that you would not want the amendments to go through as they are, then?

Mr. JODOIN: If we did not, why we suggest amendments then? If we felt the bill was perfect as it is—and you and I realize that perfection may not exist in this world—but if we felt that the bill should go through as it is before the House of Commons for approval, we would not come here with suggested amendments at all.

Mr. BROWNE (*Vancouver-Kingsway*): I understand that if we do not feel we could accede to the requests made by you, you would still prefer that the bill should go through?

Mr. JODOIN: Certainly.

Mr. MACINNIS: You are in favour, rather than seeing it dropped—you would rather see it go through as is?

Mr. JODOIN: We have indicated that there are some improvements. There is no question about that. For instance, from 36 to 52 and so on. But if a question were asked, pertinently and directly, whether we favoured it or not, my answer is that our position is clear by the suggested amendments we have made before you, and our position would be the same.

It is a question of choosing whether it should remain as it is today or as suggested by the bill you are bringing before the house yourselves, would you please give me a little time for thought before I completely and directly answer. I know that you favour answer of yes or no, but you cannot always answer in that way. You will realize that for obvious reasons.

Mr. MACINNIS: You said you would have to examine it a little more thoroughly before saying yes or no. Mr. Browne, I think, was asking you whether you have studied the bill. There are amendments there which you approve and some which you do not approve. Is it a matter of deciding whether you would accept the bad with the good, or would you prefer not to have it at all?

Mr. JODOIN: I might have another suggestion with respect to the bill; I think the term you use in the house is hoisting; the bill might be hoisted to give an opportunity to the advisory council, for instance, to make a complete study of it, and to come forward, perhaps with some other recommendations.

Mr. MARTIN (*Essex East*): How could that be done at the present time when there are no labour representatives on the advisory council?

Mr. JODOIN: There might be one eventually in the future: we do not know.



Mr. MARTIN (*Essex East*): Your organization is not represented on the advisory council.

Mr. JODOIN: At this moment, you are right.

Mr. BELL (*Saint John-Albert*): On that point—and I do not want to press you on it—but what you have just said has answered my question. I think, Mr. Jodoin, Mr. Browne and Mr. MacInnis have said something which you might want to consider: because we are faced with the task of putting all these thoughts together some time when this committee does decide to rise. For example, the Canadian Chamber of Commerce has, I think, given us a little bit more concrete direction. It was along the line to which you have just alluded. It may be easier for them to come to conclusions than for you in the congress, for logical and legitimate reasons.

They say in their summary that they favour certain portions of the bill such as raising the ceiling, while they oppose certain provisions of the mill; and thirdly, that before any increase of rates is contemplated, they suggest this inquiry. We know exactly yes or no where they fit. They want an inquiry. So we do have the benefit of their exact recommendation. I suggest that the more definite we could be as far as you people go, the better it would be for us.

Mr. JODOIN: As you know, we were opposed to a royal commission on this situation, but we certainly feel it should be brought before the advisory council. I think that your remarks were pertinent; but again, on a matter of yes or no, I presume you gentlemen all have policies and principles. I am sure of that.

Mr. MARTIN (*Essex East*): Some members have.

Mr. JODOIN: I am saying so; and whether individuals agree with it or not, that is, with the same principles and policies, as you know, our own movement, in my opinion, is being unjustly criticized many times; yet we claim we have principles and policies. It is very hard to answer a question yes or no. We feel that certain improvements as suggested, as far as this movement is concerned—the Canadian Labour Congress—that they would be acceptable. Let us put it that way. But it needs, in our estimation, certain improvements.

We have made suggestions here of which you are all aware; and of course through the recommendation of that committee, made unanimous if at all possible, and then subsequently in the House of Commons, if these suggested amendments were accepted, it would be perfect, as far as we are concerned.

Mr. MARTIN (*Essex East*): May I resume my questioning now, Mr. Chairman?

The CHAIRMAN: Yes.

Mr. MARTIN (*Essex East*): There is one aspect of this matter which I think we ought to consider pretty carefully. It is one of the first points that has arisen in connection with parliament's study of this bill.

You have taken the position as president of the congress that the government did not, in accordance with section 3 of the Unemployment Insurance Act, consult you and other labour organizations with regard to the person to be appointed to fill Mr. Tallon's position. You have taken the position that there was not consultation with labour organizations. Would you mind expanding that point, which gives the greatest concern to us?

Mr. GRAFFTEY: Mr. Chairman where is that to be found in the brief of the congress?

Mr. MARTIN (*Essex East*): Mr. Chairman, it is not in the brief at all. This is a matter which is vital. Here we have members of the C.L.C., the largest labour organization in Canada. They contend that their representative on the unemployment insurance commission was appointed by the government, without consultation with this particular organization or with other labour organizations.

The CHAIRMAN: Mr. Martin!

Mr. MARTIN (*Essex East*): This matter was discussed in the house.

The CHAIRMAN: I rule this to be completely out of order because it is not pertinent to the discussion.

Mr. MARTIN (*Essex East*): This is one of the issues before this committee, yet you say it is not pertinent. This matter was discussed in the house; it was not ruled out by Mr. Speaker; it had to do with this bill, and it relates to this committee.

Mr. BROWNE (*Vancouver-Kingsway*): Not necessarily.

Mr. MARTIN (*Essex East*): This matter was raised in the House of Commons by myself. We discussed it with the Minister of Labour and it was not ruled out of order by Mr. Speaker. You are telling me now, when we have the president of the largest labour organization in Canada before us, that we cannot question him on his allegations, which some of us in the House of Commons have supported, that the act has not been complied with in regard to the filling of the vacancy, by consultation with labour.

Mr. BELL (*Saint John-Albert*): Where is the reference to this to be found in the brief?

Mr. MARTIN (*Essex East*): It does not have to be in the brief.

The CHAIRMAN: I have ruled that it is not pertinent and germane to the bill. Please sit down, Mr. Caron, until I finish my ruling.

There will be none of these interruptions. I rule that the matter which Mr. Martin has introduced is not germane or pertinent to bill C-43, and I rule it out of order.

Mr. MARTIN (*Essex East*): I challenge your ruling.

The CHAIRMAN: I rule that the matter which Mr. Martin has introduced is not germane or pertinent to Bill C-43 and, therefore, I rule it out of order.

Mr. MARTIN (*Essex East*): I challenge your ruling, Mr. Chairman, I move that we in this committee be allowed to ask the president of the Canadian Labour Congress why he complained about the fact that the Minister of Labour had not consulted his organization and other labour organizations with regard to the third member of the unemployment insurance commission. I move accordingly.

Mr. CARON: I second the motion.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, we had better get that down exactly; we have had experience with Mr. Martin before.

Mr. MARTIN (*Essex East*): What do you mean by that statement?

Mr. MACINNIS: I would like to put a question to Mr. Martin.

The CHAIRMAN: There is a motion before the chair.

Mr. MACINNIS: On the motion, Mr. Chairman, this is a matter that has come before this committee every day this committee has met.

Mr. MARTIN (*Essex East*): Just a minute, Mr. MacInnis; there is a motion before us now.

Mr. CARON: We will have no interjections while the motion is before the committee.

Mr. MACINNIS: It seems to me that those on this end use this chairman and those at that end use that chairman.

The CHAIRMAN: Will you proceed to write your motion, Mr. Martin, and get your motion before the committee.

Mr. MARTIN (*Essex East*): Will you proceed to your own business and do not try to run mine.

The CHAIRMAN: I am running this meeting, Mr. Martin, and you are taking instructions from the chair.

Mr. MARTIN (*Essex East*): You are not running it; you are dominating the meeting.

The CHAIRMAN: Let us have the motion.

Mr. MARTIN (*Essex East*): I would like to deal with Mr. Bell's statement first, Mr. Chairman. I know we have had heated words.

The CHAIRMAN: I have asked you to place the motion; please place the motion. This is the chair up here; recognize it.

Mr. MARTIN (*Essex East*): I want to make a comment.

The CHAIRMAN: Let me have the motion; I am taking the motion and no more.

Mr. CARON: Are you the chairman, or the boss?

Mr. MARTIN (*Essex East*): I was going to make a suggestion before I made the motion.

The CHAIRMAN: Let us have the motion.

Mr. MARTIN (*Essex East*): I will put the motion when I think I should put it, and I so move that the committee be allowed to ask the president of the Canadian Labour Congress to explain his allegations as to why the Minister of Labour in his judgment failed to comply with the Unemployment Insurance Act by not consulting a representative of his organization with regard to the vacancy on the unemployment insurance commission.

NOTE: The official motion as written out by Mr. Martin and handed to the chair is in the following words:

That this committee be allowed to ask the president of the Canadian Labour Congress to explain his assertion that the Minister of Labour had not complied with the Unemployment Insurance Act in that he had not consulted labour, as requested by the act, in the appointment of a member of the unemployment insurance commission.

Mr. MACINNIS: On a point of privilege, Mr. Chairman. Mr. Browne and myself put a question to Mr. Jodoin and naturally Mr. Jodoin says this is something he has to study before he gives a yes or no answer, and then he made a reference to principles. We all have our principles. Mr. Martin has charged that some of us in this committee have no principles. I would ask Mr. Martin to designate those who do not have principles, and I would like to know if I am included in that group who do not have principles.

Mr. MARTIN (*Essex East*): Mr. Chairman, you would not let me speak a moment ago.

The CHAIRMAN: He was speaking to a point of privilege and I thought it was in connection with your motion. I thought he was going to ask whether your motion was in order.

Mr. MACINNIS: This was a question of privilege.

Mr. CARON: Thus far Mr. Martin has not mentioned anyone. It is not the fault of Mr. Martin—

Mr. MACLEAN (*Winnipeg North Centre*): Are you his counsel?

Mr. MACINNIS: I would ask Mr. Martin to exclude me from that remark.

Mr. MARTIN (*Essex East*): I will exclude you.

Mr. MANDZIUK: How about me?

Mr. MARTIN (*Essex East*): And I will exclude you.

Mr. BELL (*Saint John-Albert*): How about Mr. Graftey.

Mr. MACINNIS: In connection with this question of motion, I would like to say that this matter has come before the committee on several occasions, and I have stated the chair should not accept the motion because it is out of order. It is a motion that cannot be accepted.



The CHAIRMAN: I will rule the motion out of order.

Mr. CARON: Mr. Chairman, we have a right to speak on the motion before you decide. These are the rules of the House of Commons and you should comply with the rules of the house, the same as the Speaker of the house; and as Mr. Jodoin spoke about the advisory committee and said that the bill should be sent back to be studied, it has opened a question for this committee which we should pursue. This is the reason why we want to discuss the advisory committee and why it is not in a position now to study this present bill. I think we have a right to do so.

The CHAIRMAN: I have ruled the motion out of order.

Mr. MARTIN (*Essex East*): We are appealing your ruling.

The CHAIRMAN: Will the order of the chair be sustained? I ruled it out of order and Mr. Martin has challenged my ruling. Is the ruling of the chair to be sustained? All those in favour? Contrary?

Mr. MUIR (*Cape Breton North and Victoria*): Before the motion comes, since I am not a qualified and political lawyer—like Mr. Martin, I would like a little advice before we vote. I think it is politics that is behind the whole deal. So far as I am concerned, I cannot see how that has anything to do with the ruling on the amendments to the bill.

The CHAIRMAN: I ruled it out on that basis and it has been ruled out. There will be no more discussion.

Mr. MARTIN (*Essex East*): Since we cannot discuss that, may I ask Mr. Jodoin if he has taken any steps as president of his organization to have the government submit to the unemployment advisory committee the bill that is before it at the present time.

Mr. JODOIN: No. We just came before the committee here, Mr. Martin.

Mr. MARTIN (*Essex East*): I would like to ask Mr. Andras a question. As a member of the unemployment insurance advisory committee prior to his resignation—

The CHAIRMAN: I have ruled that out of order, Mr. Martin. I said that anyone who appeared before this committee with a brief would have to decide whether he is representing the advisory board or whatever board or organization he represents. If he is here on behalf of the Canadian Labour Congress that is how he will submit his evidence and there will be no questions permitted in connection with the advisory committee.

Mr. MARTIN (*Essex East*): I might then ask my question of Mr. Jodoin. Obviously I am having great difficulty in eliciting the facts, which I believe are very important to us and, particularly, when we have the president of the largest labour group in Canada, it would be of the greatest interest to all of us to have the views of the executive officials of this organization. If this information is denied, it would not be for lack of effort on our part.

Mr. Jodoin, it was suggested yesterday, in regard to the advisory committee, that the labour members on that committee could not objectively assess the problems that would come before them, and that in making any judgments as members of that committee they would only think of labour and not of the problem itself in terms of national interest. I do not agree with that position and may I ask you as president of the Canadian Labour Congress whether you agree with the position taken by one member of the committee in connection with that matter.

Mr. MACLEAN (*Winnipeg North Centre*): Who is the member and what is his name?

The CHAIRMAN: Would you mind including in that the follow-up which Mr. Spencer has made.

Mr. MARTIN (*Essex East*): I purposely left his name out of it; I did not mention it.

The CHAIRMAN: But he added to that because of the difference of opinion between those who were on that one with the other, and he did not think the people could place any weight upon it.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Jodoin would have to study the statement before he could make any comment on it.

Mr. MARTIN (*Essex East*): Any time we put a question which may prove embarrassing to hon. members opposite, they find a way of running interference. I request that that witness be allowed to answer that simple question. I was not allowed to ask Mr. Andras. I asked Mr. Jodoin to comment on a statement made by a member of this committee yesterday, and I hope there will be no running interference from my friends on the other side of the table.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Martin interprets the remarks of one of the members and puts it in the form of a question. Now that Mr. Spencer's name has been brought in, I suggest the opinion of the general taxpayers of the country was not brought into that committee.

Mr. MACINNIS: I expressed an opinion on that matter yesterday and I think Mr. Jodoin will recall what I said. I said when labour chose a representative for the unemployment advisory committee they were there with the expressed purpose of acting in the interests of labour; and as a labour man myself, believe if I were to have any part in choosing a man for any advisory committee I would choose him with that in mind—that he would act in the best interests of labour—and that is recorded in the minutes of yesterday's meeting as well.

Mr. JODOIN: First of all, gentlemen, I might say the advisory council and its structure covers also employers representations, as well as employees. I would agree with the remarks made by Mr. MacInnis by saying initially, of course, the labour representation on that council has to look at the interests of those; but let us not leave it at that. The labour representation on those committees or any committee is taking the interest of the country as a whole. We have definitely in mind all classes of our society, notwithstanding the fact that in our democratic way of life some might not think so. But, generally speaking, we take the interest of the country so far as the composition of the advisory council, and thus various elements are represented there.

Mr. BELL (*Saint John-Albert*): So far as the individual members of the advisory committee are concerned, do you think there should be some limit or limitation put on each one of them individually expressing themselves about certain aspects of legislation and certain matters that come before them?

Mr. MARTIN (*Essex East*): Mr. Chairman, this is an improper question.

The CHAIRMAN: Would you please confine yourself to your own observations, and not interrupt.

Mr. MARTIN (*Essex East*): I have a right to object to a question that is out of order, and for Mr. Bell to ask that kind of question is certainly out of order; therefore, I have a right to object to it.

The CHAIRMAN: You are not running the meeting.

Mr. MUIR (*Cape Breton North and Victoria*): Who is chairman of the committee; is it you, or is it Mr. Martin?

The CHAIRMAN: Mr. Martin is finding out who is the chairman.

Mr. CARON: We just have a boss over there.

Mr. MUIR (*Cape Breton North and Victoria*): I have been associated with labour for many years; it is hard to sit back and listen to this.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Chairman, we are not going to accomplish anything if we keep up this constant bickering back and forth. Let us have a degree of cooperation between all members of the committee: Let us get to the questioning of Mr. Jodoin and Mr. Andras and try and get them out of here before the house sits this morning.

Mr. MACINNIS: With regard to the observation of Mr. Jodoin that these representatives of labour are acting in the best interests of labour, I also had on record the rest of his statement, that the representatives of labour were also responsible citizens who would act in the best interests of the country as a whole, exactly as Mr. Jodoin has said.

Mr. CARON: I think what Mr. MacInnis just said is what he said yesterday. We were speaking of the other thing. Would I be permitted to ask if the Canadian Labour Congress would agree with what Mr. MacInnis said yesterday, that those who have resigned—I have not the exact words—have rendered a service to the country?

Mr. MACINNIS: Mr. Chairman, I would like to correct that. What I did say was, the representatives of labour who resigned did a disservice—not “a service”—to organized labour.

Mr. CARON: Do you think that is right, Mr. Jodoin?

Mr. MARTIN (*Essex East*): In view of that statement, and in view of the fact that we have one of the members of the advisory committee here who represented the congress, I think he should be allowed to comment on that.

Mr. JODOIN: Mr. Andras represents the Canadian Labour Congress here as well as I do. As far as the comments made yesterday are concerned, whether it was a disservice or a service, eventually—I would say—the future will tell. Again, it is a matter of principle. And that subsequently brings a question of procedure to light.

I am sure these gentlemen, in their action—in their minds, certainly—did not do any disservice; let us put it that way. As far as the congress itself at the moment is concerned, the matter will be discussed by the competent authorities of the congress, as well as taken under advice. We do not have a one-man team in the Canadian Labour Congress; it is a democratic organization, guided by delegates and conventions representing our affiliates, and governed in the interim period by a governing council; and this matter will certainly be taken up in due time.

Mr. MACINNIS: I do not want any doubt as to whether I said “service” or “disservice”: I said “disservice”. Having in mind that the Canadian Labour Congress will in the future want representation on this advisory committee, I cannot understand the attitude of the two men who resigned, knowing that the congress will want to have other representatives—or, at least, representation—at a later date.

Mr. JODOIN: I have no wish to enter a discussion on this matter; but if we want to have a thorough discussion, I am ready. I might not be able, but I am certainly ready to discuss it. But we have to discuss the whole matter that is considered as a definite position of our congress. I am ready to discuss it as a whole. I may not be able—I am underlining that, Mr. Chairman—but I certainly am ready.

Whether I am in agreement with the committee, or not, is something else; but if the hon. member wishes to discuss the merits of the whole situation, we will have to open up the whole matter, and I do not think that is advisable.

Mr. MACINNIS: There is no doubt about it, Mr. Jodoin; we are all out of order. I just want to make clear what I said, because Mr. Caron was not quite sure whether I said “service” or “disservice”.



Mr. CARON: I accept that you said "disservice" instead of "service", because I just took a note here and I was not very sure what it was. But now the matter is open: if Mr. Jodoin wants to discuss the whole matter, we would agree with this.

The CHAIRMAN: The only reason this discussion was allowed was because it came out of the minutes of yesterday. Some observations had been made and got into the discussion today. So it is ended now.

Mr. BELL (*Saint John-Albert*): I would like to ask a question of Mr. Andras, referring to last Friday's questioning. You said this—in reply to a question from, I think, Mr. MacLean—with respect to the 1950 changes that were made, when supplementary benefits were first brought in and when there was, I think, a 15 per cent increase at that time. I have already read your answers into the record; but you, briefly, were recalling those events.

I think you said that you did not have an opportunity to make representations before these amendments were made in the act, and it was rushed through the house. Do you recall that?

Mr. ANDRAS (*Directory of Legislation, Canadian Labour Congress*): That was my impression, yes.

Mr. BELL (*Saint John-Albert*): I want to ask you this: do you know who the acting Minister of Labour was at that time, who piloted this legislation through the house?

Mr. MARTIN (*Essex East*): The member for Essex East.

Mr. BELL (*Saint John-Albert*): Pardon?

Mr. MARTIN (*Essex East*): I think I was, at that time.

Mr. BELL (*Saint John-Albert*): I just want to get that on the record again, because Mr. Martin was not here last Friday. I appreciate he was unavoidably absent.

Mr. MARTIN (*Essex East*): Last Friday? If you will look up the record, you will see I was here.

Mr. BELL (*Saint John-Albert*): When Mr. Andras was being questioned.

Mr. MARTIN (*Essex East*): I may have been out getting more ammunition.

Mr. MACLEAN (*Winnipeg North Centre*): At that time, Mr. Andras, would you say that there was—

Mr. BELL (*Saint John-Albert*): Just to make certain the reporter got that, Mr. Martin was the acting Minister of Labour at the time this bill was rushed through the house and when the Canadian Labour Congress was not given an opportunity to make any representations with respect to same.

Mr. ANDRAS: Mr. Bell, I did not recall that. You tell me now, and of course, if you say so, it must be so.

Mr. MARTIN (*Essex East*): Not necessarily.

Mr. MACINNIS: Mr. Martin has told you, so it must be so.

Mr. ANDRAS: The fact of the matter is, from an institutional point of view that would have been immaterial to me. The bill was submitted to the government of the day, and it was put through the house. Whether it was one minister or another, it was of no consequence to me, with much respect to Mr. Martin. The fact of the matter was, an amendment was put through the house, and the only matter I recall at the time was that it went through with great haste.

I would say this, with all fairness—there was some reference to objectivity a few moments ago—the amendment was put through, if I recall, in February, 1950, and the purpose, ostensibly, was to provide those seasonal benefits. Our objection, I have stated already, in retrospect. We had two objections, actually:

one was the haste with which it was put through, so that we had not opportunity for these representations; and, as I recall it, our other objection was that other amendments were made, not associated with supplementary benefits, to which we did take exception, and we later published our views.

Mr. BELL (*Saint John-Albert*): After the—

Mr. ANDRAS: It was post hoc. yes; it was after the event.

Mr. MARTIN (*Essex East*): I would like to save a lot of trouble, Mr. Bell. When I was acting Minister of Labour I made many mistakes; but I never made the mistake of imposing on the workers of this country—or the employees of this country—a burden which was not fair, such as is embodied in the bill now before this committee.

Mr. BELL (*Saint John-Albert*): That is a matter of opinion, again.

Mr. CARON: Some members of the committee—

Mr. BELL (*Saint John-Albert*): But I would have thought that a great statesman and great politician like Mr. Martin—and some others who are upheld—would have found some way of giving the Canadian Labour Congress time to make representations, and I think that, if he did not do that, he is precluded from making any helpful statements at this time about it.

Mr. MARTIN (*Essex East*): You and I are agreed on one thing.

Mr. CARON: Mr. Chairman, they have pursued this question to prove that the liberal party did not give a chance to the labour congress to place their point of view in front of the house, or the committee, in 1950. The only thing I have to say about that is this: if the opposition at the time—whose numbers were greater than ours—had been as quick on their feet as we have been, they would have had a chance.

Mr. MACINNIS: Is that a question?

Mr. CARON: No; that is a statement, answering Mr. Bell.

Mr. BELL (*Saint John-Albert*): The opposition was the same size, as far as quantity is concerned, but quality is another thing.

Mr. CARON: But not so fast on their feet, because there was no opportunity—

Mr. MACLEAN (*Winnipeg North Centre*): Closure; shame!

Mr. MARTIN (*Essex East*): Mr. Jodoin, have you had an opportunity of seeing the report of the unemployment insurance advisory committee that has been tabled in parliament?

Mr. JODOIN: There were one or more reports, I understand.

Mr. MARTIN (*Essex East*): There were two. I am referring to the one that was tabled on August 19.

Mr. JODOIN: Personally, sir, I would not have. It must have come to the then members of the advisory committee.

Mr. MARTIN (*Essex East*): I have a report before me, Mr. Jodoin, and on page 3, at the bottom of this report, the following appears:—

Mr. MACLEAN (*Winnipeg North Centre*): What report is that?

Mr. MARTIN (*Essex East*): This is the report of the unemployment insurance advisory committee that Mr. Starr produced, after persistent questioning by members of the opposition in the House of Commons.

Mr. BELL (*Saint John-Albert*): Where did you get your copy?

Mr. MARTIN (*Essex East*): It was tabled in the House of Commons.

Mr. BELL (*St. John-Albert*): Is your copy from the distribution office?

Mr. MARTIN (*Essex East*): No; I got the table from the House of Commons and I made a copy of it, as every diligent member of this committee, I presume, has done.

Mr. BELL (*Saint John-Albert*): But why make one copy: could you not have made a copy for all of us, as you have done with other reports?

Mr. MARTIN (*Essex East*): I will be very happy to do that; but I hope you will allow me to continue this line of questioning now. Mr. Jodoin, the following appears:

Messrs. Burt and Andras—

That is Mr. George Burt, a member of the United Automobile Workers and a citizen of Windsor.

Mr. MACINNIS: Where is Mr. Burt from?

Mr. MARTIN (*Essex East*): From Windsor, Ontario; and Mr. Andras is the gentleman sitting on Mr. Jodoin's right:

Messrs. Burt and Andras sent an identical telegram, which is quoted: "re proposed report dated August 20 of unemployment insurance advisory committee regret do not find it possible to attach signature stop feel it should be reconvened to review benefit formula proposal of July 24 possibly in October with view to modification or in light of further study by actuary stop feel also committee should withhold comments until minister has notified it of intentions regarding recommendations contained in our report dated July eighteenth.

Then it goes on to say:

Mr. Marchand's wire was to the same effect.

Mr. Jodoin, may I ask you whether or not you are aware if there was a further study given to the advisory committee by the actuary, by the representatives of labour?

Mr. JODOIN: I will ask the then member of the advisory council whether there was or not.

The CHAIRMAN: No, Mr. Andras cannot answer for the advisory committee.

Mr. JODOIN: No.

The CHAIRMAN: But you can answer for him, if he gives it to you.

Mr. JODOIN: Following that procedure—which I believe is the right one, because of the decision—I would say that I am informed there was no additional meeting.

Mr. MARTIN (*Essex East*): Can you say whether the Minister of Labour, in accordance with this request of the labour representatives, notified the advisory committee—or the labour representatives—of the intentions with regard to the unanimous report made by the advisory committee on July 18, 1958?

Mr. JODOIN: I am informed that we have no knowledge of such advice.

Mr. MARTIN (*Essex East*): Can you say whether or not at any time since August 19 any of the labour representatives on the advisory committee were in any way advised by the administration of the provisions now contained in the bill before this committee?

Mr. JODOIN: Not as the advisory committee, I am informed.

Mr. MARTIN (*Essex East*): Not as the advisory committee. Can you say whether or not the government, at any time, agreed or indicated its opinion with regard to the unanimous recommendation made by the unemployment advisory committee to the effect that the contributions made by the government of Canada should be one-half of the total contributions made by the representatives of the workers and of the employers?

Mr. JODOIN: No, there was no such indication, sir.

Mr. MARTIN (*Essex East*): Thank you, Mr. Jodoin.



Mr. MANDZIUK: May I ask a question, Mr. Chairman? Have governments, in the past, always accepted recommendations of the advisory committee?

Mr. MACLEAN (*Winnipeg North Centre*): No, they are not required to by statute.

Mr. JODOIN: They are not bound to; it is advisory.

Mr. MANDZIUK: There is nothing in the Unemployment Insurance Act which binds the government?

Mr. JODOIN: I would say, as in any legislation, the House of Commons is the sovereign body.

Mr. BELL (*Saint John-Albert*): Regarding this meeting of August 26, about which questions have been asked regarding the report, was this meeting not called merely to discuss the new benefit formula? The formula was discarded on the actuary's recommendation as being too expensive; this meeting of a particular nature, is now obsolete and irrelevant.

Mr. MARTIN (*Essex East*): What has that got to do with it?

Mr. JODOIN: The committee, I presume, like any other committee, sir, has discussed many points a number of times, and matters that were submitted to the committee for advice.

Mr. BELL (*Saint John-Albert*): I wanted to make it clear, Mr. Jodoin, there was not anything of extreme importance in this particular report.

Mr. JODOIN: I think personally, sir, it is agreed, in my estimation, any matters submitted to the advisory committee are always important.

Mr. MARTIN (*Essex East*): Mr. Bell says there was nothing important in the report. Do you know of anything more important than a recommendation that has to do with rates of contribution? Mr. Bell, apparently, is not aware that in July, not only the labour representatives and not only the employers' representatives, but all of the members of the committee, including the neutral chairman, Mr. MacNamara, were unanimous in their view, when they stated that:

The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and government be adjusted so that the contribution from each be made equal; in other words, that the contribution from the government be made equal to one-half that of the combined contribution from employers and employees.

Now, that unanimous recommendation, Mr. Bell, was further considered in August. They asked the government for its reaction, and to this day they have had no reaction from the minister, except to be confronted with this bill which is now before us. When you say that second meeting had no importance, I am sure it is only because you failed to recognize that this unanimous recommendation was further reported on in the meeting held on August 19, the minutes for which have been denied us.

Mr. BELL (*Saint John-Albert*): In reply to Mr. Martin's lengthy statement, I now have a copy of this report, and I merely want to call the committee's attention to the fact there is a particular paragraph, on page 2, which says:

We respectfully suggest that the actuary's report . . . will convince you, as it has the committee, that it would be inadvisable to adopt the new formula without a great deal more investigation.

I simply say, not that the recommendations were not important, but they are actually irrelevant and obsolete so far as the situation is concerned now.

Mr. MARTIN (*Essex East*): How unfair that is! Just look at page 2; look at the first complete paragraph, where it says:

The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and government be adjusted so that the contribution from each be made equal. . . .

In other words, that the contribution from government be made equal to one-half that of the combined contribution of employers and employees.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, Mr. Martin is trying to confuse the issue again, and what he said is previous to the quote I have given and is, therefore, invalid.

The CHAIRMAN: I would suggest to the members present that this discussion between ourselves, as members, can go on when we are discussing the amendments to the bill itself. The matter of questioning those who have presented the brief should be kept in order, and we should not enter into debate with them or among members of the committee.

Mr. BROWNE (*Vancouver-Kingsway*): I would like to ask Mr. Jodoin, if he does not feel—when it comes to a matter of principle of this nature, when it is suggested the burden of unemployment insurance, to some extent, should be taken from the employers and employees, who are direct benefactors of it, and shifted to the general taxpayer of Canada—does he not feel the general taxpayer of Canada should be rid of it, rather than only the employers and the representatives of the employees?

Mr. JODOIN: It is felt on that, first that those who are covered by unemployment insurance are employers and employees, and they are paying for it; and the government, we are hoping, eventually will be in on a higher ratio. That is the function of the unemployment insurance commission. We feel when there is a bad situation of unemployment—suppose that, for the moment, and I know nobody here wishes it—that is general. That is why we say that as far as the U.I.C. itself is concerned the function it has now and the representation it has now seems to be adequate.

Then, on top of that, you also realize the impartial chairman represents the general public.

Mr. BROWNE (*Vancouver-Kingsway*): I realize that; but nevertheless the fund was set upon that basis, and there is quite a matter of principle involved in changing it. You also recognize there is another factor this committee has to take into consideration, that there is a third group involved. Any committee, before it makes any recommendations in this direction, has another factor that has to be taken into consideration.

Mr. JODOIN: Yes, I say on that question of yours, sir, it is adequately covered by the presence of the neutral chairman.

Mr. BROWNE (*Vancouver-Kingsway*): But he is a chairman, and in relation to other members representing the other groups, assuming the chairman was representing the general taxpayer—which I do not agree. He is, in other words, the chairman and must be impartial, so there is no direct representative of the taxpayer, and there is no one in there working directly on their behalf.

Mr. JODOIN: Again, parliament is sovereign on that. I presume, parliament represents—

Mr. BROWNE (*Vancouver-Kingsway*): Now?

Mr. JODOIN: Yes, parliament represents the general public, and this is an advisory committee. Certainly—and I do not think there would be one member of parliament here who would say the House of Commons does not

represent the public. They are elected, presumably, and I am sure, by all the elements composing the citizenry of Canada, and they are sovereign in this matter.

The advisory committee advises, and parliament either accepts it or rejects it. That is where public protection is definitely there, in my estimation, sir.

Mr. CARON: Mr. Jodoin, on page 4 of your brief, at the bottom, it states:

We do not take the minister's statement to be an expression of optimism. It seems to us to point to an assumption of continuing high unemployment since if high employment such as we knew in the immediate post-war years were to be resumed the fund would presumably replenish itself without the need for such a marked increase in the contribution rate or any increase at all.

And a little further down it states:

. . . then even these increases in contributions are not likely to be adequate.

Do you imply by this that the government should replenish the fund by taking it from the consolidated revenue?

Mr. JODOIN: No. I have another answer to that one, Mr. Caron. I believe it would be filled by full employment.

Mr. CARON: Well, we all believe that.

Mr. JODOIN: That is our answer, sir, and that is the way in our estimation, it should be done, through the medium of consultation and otherwise, to try to find ways and means—as we all wish, I am sure—to have full employment in Canada, and thus enlarge the U.I.C. fund.

Mr. CARON: Everybody would like to see that.

Mr. JODOIN: Yes.

Mr. CARON: Even if we accept the fact it looks bad for next winter and, maybe, a couple of winters—that fund will not be sufficient, as you seem to state there, and even the increase will not be sufficient as far as you state there?

Mr. JODOIN: If it were to happen that a large measure of unemployment would continue—which, again I underline, nobody here wishes—but if such a situation happened, it should go on our welfare program, and out of the consolidated fund.

Mr. CARON: On page 5, dealing with the same idea, you state, as the late Mr. Gordon Graydon said in 1950, on page 214 of Hansard in the debate on the amendments to the Unemployment Insurance Act:

It seems to me we have reached the limit of absurdity when we ask the workers of this country to put up more money to solve the unemployment situation. It is the government's job, not the workers'.

You claim this same situation this year?

Mr. JODOIN: I would go even further than the late Mr. Gordon Graydon. I would say it is certainly a government duty, and I think, on top of that, it may be solved by mutual consultation of the industrialists and employers in a tri-partite form, with representation of labour, of course, to see in what way we can cope with those situations.

Of course, any governments responsible, be it federal, provincial or in the municipal field—and I know you as the hon. member from Hull have had experience in the municipal field—are all concerned in this matter, and that is my answer to you.

Mr. MACLEAN (*Winnipeg North Centre*): On this same point, do you not feel this fund has to be run on a solid actuarial basis?

Mr. JODOIN: Yes.



Mr. MACLEAN (*Winnipeg North Centre*): Do you not think it would be in keeping with that basic premise, for the government to accept the recommendations of the actuary with regard to replenishing the fund?

Mr. JODOIN: Yes and No. Again, it would very much depend on the economic situation of Canada at the time.

Mr. MACLEAN (*Winnipeg North Centre*): Quite right.

Mr. JODOIN: I am sure you will agree with me on that; and I am told the actuary did recommend replenishment, but he did not say how.

Mr. MACLEAN (*Winnipeg North Centre*): But I am talking about the method of computation with regard to the actuary's advice. You cannot take any one definite third party and say: "We will do this for now".

Mr. JODOIN: That is based on an assumption.

Mr. CARON: Mr. Chairman, may I ask another question?

There appears on page 6, at the bottom of the page, the last paragraph:

There is, however, another and important principle involved which we think needs to be re-examined, namely, the ratio of benefits to earnings.

Would you comment on that?

Mr. JODOIN: Yes. Let us put it this way, Mr. Caron, there are various brackets of salaries in Canada today.

We feel, exactly as we say here, that the ratio of benefits to earnings should be upped. Because, sometimes, it happens that unemployment happens very unexpectedly, and I would use, as a main argument or a main point, the assertion that a lot of the individuals concerned or affected have commitments at a certain standard, in proportion to the earnings they have while they are working, whether it be making payments on a home, for instance, or—and I do not know whether we should use the term "Frigidaire", but it is all unionized, so I can put in a little propaganda at the same time—matters of that sort.

Especially if that period of unemployment is to be elongated for one reason or another, and they are out of employment for a long time, they are really stuck. The ratio should be more in proportion to their earnings than it is at the present time. That is, in our estimation, the point we are trying to make here.

Mr. CARON: Have you ever submitted to the government your views of the matter before today?

Mr. JODOIN: In an annual memorandum to the competent authorities every year, as you know, we make our official representations to the government of the day; and we said that in our memorandum.

Mr. CARON: You submitted that there should be a new scale?

Mr. JODOIN: No, we have not exactly submitted a new scale, but we indicated the principle involved; and, of course, if it were opened for discussion or consultation, we would probably submit a ratio to our research department.

Mr. CARON: It has not been done?

Mr. JODOIN: That is right, it has not been done.

Mr. MACINNIS: I wish to thank Mr. Jodoin for his last remark when he said he made his annual representation to the competent authorities. I thank him.

Mr. JODOIN: Of course the competent authorities would be those who happened to be there at the moment, whatever the denomination, the federal, provincial or municipal fields.

Mr. BELL (*Saint John-Albert*): If there are no other questions, I think we should go on.

Mr. MARTIN (*Essex East*): How do you know there are no other questions, Mr. Bell?

Mr. BELL (*Saint John-Albert*): There was a pause.

Mr. MARTIN (*Essex East*): Yes, but surely people can stop to think.

The CHAIRMAN: Please carry on Mr. Caron.

Mr. CARON: Do you believe there should be two different funds, even if they are administered by the same commission, to cover temporary unemployment and seasonal unemployment?

Mr. JODOIN: Seasonal benefits, according to what we have indicated before, should come out of the consolidated revenue fund.

Mr. CARON: You say you think seasonal benefits should come out of the consolidated revenue fund of Canada?

Mr. JODOIN: That is right.

Mr. CARON: And how do you believe it should be administered?

Mr. JODOIN: There is nothing wrong, in our estimation, with the competent services of the Unemployment Insurance Commission and its structure as well as its administrative organizations. We feel they could cope with the situation.

Mr. CARON: Thank you.

Mr. PETERS: Has the congress given any consideration to the acceptable amount of money that is available in the unemployment insurance fund, per person, insured? We know it used to be close to—

Mr. JODOIN: It varies; it would need a very special study.

Mr. PETERS: It is much less than \$200 per person now.

Mr. JODOIN: Yes, but there are more people covered.

Mr. MARTIN (*Essex East*): I think it is around \$177 per person now. I think Mr. Andras would agree that it is very dangerous for us.

Mr. ANDRAS: The question of the per capita amount of the fund will vary with the size of the insured population. There is another factor to be borne in mind. If we were to include, let us say, the civil service of Canada, with some 140,000—I do not remember the exact figure—permanent employees, the available per capita amount would drop. It seems to me that the value, the safety, or the security of the fund, would be enhanced. So making it a figure in absolute terms is not, in itself, especially significant.

Mr. MARTIN (*Essex East*): Does your statement mean that you would regard the present level of employment at 496 million as satisfactory?

Mr. ANDRAS: I would not offer a statement on any figure as being satisfactory, but I would say this:—and I do not answer with a simple yes or no—but I would say that the nature or safety of the fund is dependent on variables. Those variables are essentially the economic situation in the country and its economic prospects.

Mr. MACLEAN (*Winnipeg North Centre*): You are quite right.

Mr. GRAFFTEY: A lot of associations in the past making representations before this committee have stressed the desirability of putting part of the fund, at least, on what they term a sound actuarial basis. My question is: how can a fund ever be put on a sound actuarial basis, when the government itself is paying for the administrative costs of that fund?

Mr. ANDRAS: Actuarial calculations are made on the estimation that the revenues of the fund are to be derived from certain sources, exclusive of administrative costs. If you were to load the fund with administrative costs, the actuary would have to make a different kind of computation. I do not think there is anything more to it than that.

Mr. MACINNIS: The administration would necessarily have to be charged?

Mr. PETERS: Can it be made on an actuarial basis, if we are going to take into consideration the economic situation, the recession or whatever we want to call it? There could be no real actuarial soundness in a plan which is not going to take into consideration factors which are not controlled by the insured.

Mr. ANDRAS: I have a great deal of respect for our actuary. The fact of the matter is that he has stated in evidence that it is very difficult to make the precise actuarial calculations that are possible in other forms of insurance, because it is based on an estimation or a forecast of unemployment and so on.

Mr. PETERS: Would you not agree that it is going to be necessary for the treasury to put in continuing contributions which will take into consideration what is decided actuarially, and what is the normal risk of unemployment? In other words, the national economic picture is going to reflect the risk, and there must be a point where instead of 200,000 unemployed being regarded as normal seasonal unemployment, the figure will increase to 500,000, and this in turn will be considered as normal.

Mr. ANDRAS: The thing is that the actuary makes his calculations on the basis of a projection of what he thinks unemployment is likely to be in a given period. If he considers it to be high, his recommendation will be of one kind, and if he thinks it is going to be low, it will be of another kind. The point is this,—and this is the fact we are trying to stress,—that an act like ours is not intended to cope with cyclical unemployment, that is to say, large scale unemployment such as we had in the 'thirties, or even more recently.

Mr. PETERS: Is it not true that you would say the contributions we are now being asked to make are compensating for this particular situation?

Mr. ANDRAS: We think that the 30 per cent average increase is being imposed because our act is being excessively burdened with payments for very lengthy seasonal benefits, and by an actuarial estimation of fairly serious unemployment.

Mr. GRAFFTEY: Before the meeting draws to a close, may I make a brief correction in the record. On page 105 of the testimony at the top of the page, in reference to the national employment service, I say:

In the view of many members until recently, that was one section of the U.I.C. which was not stressed enough. I suggest it is stressed too much.

I would like to replace that by saying that:

I suggest it can never be stressed too much.

Mr. CARON: Before we close, Mr. Chairman, I want to thank the C.L.C. for giving us a translation of their brief. It has been very useful and we can study it more easily, those of us who speak French more fluently than we speak English. Furthermore, while we shall have some more questions to put to you, I think they are not of such importance that we should delay Mr. Jodoin and the others for a further meeting.

The CHAIRMAN: Now we have come to the termination of the presentation of the brief I would like to thank Mr. Jodoin and his delegation for coming before us and giving us the benefit and advantage of their thinking. I was not present for the first part of his brief and I regret it very much.

On behalf of the whole committee may I express our sincere thanks.

Mr. JODOIN: In the name of the congress I do not think it is necessary for me at this stage to summarize the presentation we have made. In our estimation it is clear. It may be just a little nebulous to others, but to us it is very



clear. I wish, through you Mr. Chairman, to express our sincere appreciation to all members of the committee for the interest they have shown in what we consider to be a most important piece of legislation, as far as Canada is concerned, namely, the Unemployment Insurance Act.

I wish to stress that appreciation.

The CHAIRMAN: Now, gentlemen, before we adjourn, we have received all the requests to present briefs. The others have declined, or signified their intention that they will add nothing more to what has been contained in the briefs. I think we have arrived at a point in this committee when we can set aside next Tuesday to commence with the bill and go into the different clauses thereof. Does that meet with your approval?

Agreed.

Mr. PETERS: Could we ask the committee to have copies made available of the various reports which have been used, the advisory committee reports, and also the minutes that have been used?

The CHAIRMAN: What is that?

Mr. PETERS: I mean the reports that have been tabled and the minutes that were tabled.

The CHAIRMAN: Yes; we shall try to have them put in our minutes of proceedings. I shall endeavour, if possible, to get those for you, Mr. Peters.

Mr. CARON: He is speaking of the reports which have been tabled.

Mr. MACINNIS: He is speaking of the reports which Mr. Martin made available for himself. I would like to have them made available to each member of the committee.

The CHAIRMAN: Do you mean to have them incorporated in our minutes of proceedings?

Mr. MACINNIS: No. I mean make them available to the committee.

The CHAIRMAN: All right, I will take it up with the minister to see if it is possible to get them.

The committee is now adjourned.







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2

Canada Industrial Relations  
Standing Committee on, 1959

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

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STANDING COMMITTEE

ON

**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.



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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

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BILL No. C-43

An Act to amend the Unemployment Insurance Act

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TUESDAY, JUNE 2, 1959

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WITNESSES:

Hon. Michael Starr, Minister of Labour; and Mr. James McGregor,  
Director of Unemployment Insurance, Unemployment Insurance  
Commission.

STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

*Chairman:* R. H. Small, Esq.,  
*Vice-Chairman:* T. Ricard, Esq.,  
and Messrs.

Argue,  
Allmark,  
Beech,  
Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Drouin,  
Grafftey,

Granger,  
Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McMillan,

McWilliam,  
Mitchell,  
Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
*Clerk of the Committee.*

ORDER OF REFERENCE

HOUSE OF COMMONS,  
MONDAY, June 1, 1959.

*Ordered*,—That the name of Mr. Argue be substituted for that of Mr. Peters on the Standing Committee on Industrial Relations.

Attest.

LÉON J. RAYMOND,  
*Clerk of the House.*





## MINUTES OF PROCEEDINGS

TUESDAY, June 2, 1959.

(10)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Argue, Allmark, Beech, Bell (*Saint John-Albert*), Benidickson, Browne (*Vancouver-Kingsway*), Caron, Grafftey, Lahaye, Mac-Innis, MacLean (*Winnipeg North Centre*), Martin (*Essex East*), McDonald (*Hamilton South*), Mitchell, Muir (*Cape Breton North and Victoria*), McMillan, Noble, Ricard, Simpson, Skoreyko, Small, Smith (*Winnipeg North*), and Spencer—(23).

*In attendance:* Honourable Michael Starr, Minister of Labour; *From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; James McGregor, Director, Insurance Branch, and C. Dubuc, Director, Legal Branch.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Chairman read a list of the organizations that appeared before the Committee and mentioned those who declined to appear.

The Chairman then read a telegram from the Canadian Metal Mining Association; a letter from the Ontario Mining Association, and a letter and brief from the Canadian Life Insurance Officers Association expressing their views on Bill C-43.

On Clause 1, the Minister of Labour advised that officials of the Unemployment Insurance Commission would supply explanatory notes on various clauses.

The Minister and Mr. McGregor were questioned.

Clauses 1 and 2 were severally considered and adopted.

On Clause 3, Mr. McGregor read an explanatory note, copies of which were distributed to the members of the Committee, and was questioned together with Mr. Starr.

After discussion, the Committee decided not to meet again this day at 4.00 o'clock p.m.

At 11.00 a.m., questioning continuing, the Committee adjourned until 9.30 a.m. Wednesday, June 3.

M. Slack,  
*Clerk of the Committee.*





## EVIDENCE

TUESDAY, June 2, 1959.

9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum so we shall proceed. On Friday we completed the briefs of those organizations who wanted to appear before us. I think we are ready now to proceed with the bill.

Mr. MARTIN (*Essex East*): Mr. Chairman, before we proceed with the bill may we discuss the business of the committee? You say that we have finished all the briefs. I am not aware that we have ever been told who have asked to come before this committee. We have had the Canadian Congress of Labour, the Canadian Manufacturers' Association, the Board of Trade of Toronto, and La Confederation des Travailleurs Catholiques du Canada. What other bodies have asked to come before us? I am sorry, there was also the Canadian Construction Association.

The CHAIRMAN: The organizations which have appeared are the Canadian Labour Congress, the Canadian and Catholic Confederation of Labour, the Canadian Retail Federation, the Canadian Chamber of Commerce, and the Canadian Bankers' Association.

The Halifax Construction Association sent in a letter but did not appear before us.

Mr. MARTIN (*Essex East*): What is the nature of their letter?

The CHAIRMAN: The letter they sent in—

Mr. MARTIN (*Essex East*): I inquire about this so we may know exactly what people have asked us to do.

The CHAIRMAN: I am sorry, there was no letter from them. I think it was done through word of mouth by the Canadian Construction Association.

Mr. BENIDICKSON: I have received two telegrams from the Canadian Metal Mining Association and one from the Ontario Mining Association; have they not indicated their desire to appear?

The CHAIRMAN: No. The Canadian Electrical Manufacturers' Association sent a telegram but did not appear. In connection with the Halifax Construction Association I got in touch with the Canadian Construction Association, with whom they are identified, and asked them about appearing. They said they did not think they would, and they have never given any indication of when they were going to appear. We have had the Canadian Manufacturers' Association.

Mr. MARTIN (*Essex East*): In connection with the Halifax Construction Association, could we not ask them whether they wish to come, in view of the fact their status is uncertain.

The CHAIRMAN: We have not received a letter. They are all entitled to appear if they wish to come.

Mr. MARTIN (*Essex East*): Have you invited the Halifax body?

The CHAIRMAN: No, but we notified them.

Mr. MARTIN (*Essex East*): Have they all been notified?

The CHAIRMAN: Yes.

Mr. BENIDICKSON: You did not say anything specific about the mining industry.

The CHAIRMAN: The Canadian Labour Congress, The Canadian and Catholic Confederation of Labour, The Canadian Retail Federation, The Canadian Chamber of Commerce, The Canadian Bankers' Association, The Canadian Manufacturers' Association, the Canadian Construction Association, The Board of Trade of Metropolitan Toronto appeared before the committee and presented their briefs; the Canadian Pulp and Paper Association, Simpsons-Sears, the T. Eaton Company and the International Railway brotherhoods declined. We received a telegram from the Canadian Electrical Manufacturers' Association, which stated their views.

Mr. MARTIN (*Essex East*): What are their views? We have not heard their views.

Mr. SMITH (*Winnipeg North*): We all received a telegram.

Mr. MARTIN (*Essex East*): I have not seen it.

Mr. SMITH (*Winnipeg North*): It was mailed to everyone.

Mr. MARTIN (*Essex East*): Perhaps the chairman would put it on the record.

The CHAIRMAN: The Canadian Metal Mining Association telegram is from V. C. Wansbrough and it reads as follows:

Re bill C-43 an act to amend the Unemployment Insurance Act the following wire representing the views of this association has been sent to the Prime Minister and the Minister of Labour. Quote mining industry considerably disturbed at term of bill C-43 to amend Unemployment Insurance Act. While recognizing need for putting fund on sound actuarial basis the increase proposed in contributions of employers and employees amounts in all to substantial addition to operating costs. While every effort should be made to alleviate unemployment present arrangements tend to encourage periodic voluntary withdrawal from work. This tendency might well be increased by extension of benefit period from 26 to 52 weeks. Also it is our opinion that distinction should be made between plans for seasonal industries and industrial and mining employers who offer all-year-round employment. Strongly urge consideration be given to amendments along lines above proposed unquote.

Mr. BENIDICKSON: That is the one to which I referred. There was also the Ontario Mining Association.

Mr. SMITH (*Winnipeg North*): They sent a letter which said they strongly endorsed the recommendations of the Canadian Metal Mining Association set out in the telegram.

Mr. MARTIN (*Essex East*): That ought to be given to the chairman to read, so it will be on the record. I feel all these communications should be brought to the attention of the committee.

Mr. BROWNE (*Vancouver-Kingsway*): Apparently it did not come to the chairman but was sent to an individual member.

Mr. SMITH (*Winnipeg North*): I believe it was sent to all the members.

The CHAIRMAN: We can incorporate it in the evidence. The letter reads as follows:

Dear Sir:

We take this opportunity of advising you that Ontario Mining Association strongly endorses the recommendations made by Canadian

Metal Mining Association respecting bill C-43, "An act to amend the Unemployment Insurance Act".

Yours very truly,

(Sgd.) J. Beattie,  
Executive Director.

There was a further one which came in this morning. It is the same thing and they have their brief attached to it. It is from the Canadian Life Insurance Officers Association.

Mr. MARTIN (*Essex East*): That is an important one.

The CHAIRMAN: The letter reads as follows:

Dear Mr. Small:

Re: C-43, an act to amend the Unemployment Insurance Act.

Enclosed herewith are sixty copies of a memorandum to your Committee on Industrial Relations in which this association urges that now is an appropriate time to remedy departures of the Unemployment Insurance Act from sound insurance principles.

It is hoped that this material will reach you in time for your committee to consider the views expressed herein during the course of its deliberations.

Yours sincerely,

(Sgd.) A. Ross Poyntz,  
President.

Mr. MARTIN (*Essex East*): Is that a brief attached to it?

The CHAIRMAN: There is a brief attached to it.

Mr. MARTIN (*Essex East*): Is it very long?

The CHAIRMAN: Two pages.

Mr. MARTIN (*Essex East*): Why not read the brief so we will have it on the record?

The CHAIRMAN: I will do that. It reads as follows:

#### Memorandum

To: The members of the Standing Committee on Industrial Relations of the House of Commons

From: The Canadian Life Insurance Officers Association

Re: Bill C-43, an act to amend the Unemployment Insurance Act

1. This memorandum is submitted by the Canadian Life Insurance Officers Association on behalf of its eighty-seven member life insurance companies. These companies represent upwards of 95 per cent of all the life insurance transacted in Canada.

2. In view of the serious reduction in the unemployment insurance fund during the last two years, the association wishes to direct attention to the two major areas where the act has gradually departed from sound insurance principles.

3. The first of these areas is the introduction, and gradual expansion, of seasonal benefits. Many Canadians are employed in industries that operate on a seasonal basis and to pay the benefits of the act to them during their off-season is, in effect, providing "welfare" benefits



rather than unemployment insurance benefits. Paying benefits where abnormally heavy claims are certain to occur each year for specified classes of risks is as foreign to insurance principles as trying to insure houses which, it is known, will burn down during the period of the insurance.

When winter seasonal benefits were first introduced—then known as “supplementary” benefits—special provision was made for them by charging an additional contribution. Separate accounts were kept and it was provided that if “supplementary” benefits exceeded the additional contributions, the excess claim payments became a charge on the consolidated revenue fund—not on the unemployment insurance fund. Some such device, the association submits, should be re-introduced to protect the unemployment insurance fund.

4. The second area relates to abuses that have grown up over the years in the payment of benefits to retired persons and to newly-married women who in many cases have, in effect, withdrawn from the labour market and who are not genuinely available for or seeking employment. Any plan that, directly or indirectly, permits insured persons under such circumstances to draw benefits at the expense of the fund runs counter to all sound and accepted insurance principles and inevitably tends to breed disrespect for the act itself.

5. Now that steps are being taken to build up the fund, the association urges that this is the appropriate time to return to sound insurance principles.

June 1, 1959.

Mr. MARTIN (*Essex East*): Are there any other briefs?

The CHAIRMAN: That is all.

Mr. CARON: Would we be able to obtain copies of these briefs?

The CHAIRMAN: Yes.

Mr. CARON: And there are no other briefs?

The CHAIRMAN: No.

Mr. MARTIN (*Essex East*): Are the railway brotherhoods not coming?

The CHAIRMAN: They are not coming.

Mr. MARTIN (*Essex East*): Mr. Bell indicated the other day that they were coming, but you say now they are not coming.

Mr. BELL (*Saint John-Albert*): To be exact, Mr. Chairman, I think, when I was acting chairman on Friday in Mr. Small's absence, I stated that we had sent telegrams out to them.

The CHAIRMAN: They declined. They sent word they did not wish to appear.

Mr. MARTIN (*Essex East*): I have received a wire from the U.A.W., the United Automobile Workers, who are preparing representations. Have you received anything official from them yet?

The CHAIRMAN: No. Gentlemen, I think we can proceed now with the bill.

Mr. MARTIN (*Essex East*): I take it with this procedure we will be able to consider other matters later. I am very anxious that we should be able to question officers of the commission on the various matters which have come up, and I am anxious, as I am sure other members of the committee are, Mr. Chairman, to go into the whole question of the Unemployment Insurance Commission's investments. As you know, there have been some

losses in the investments, which affect the position of the fund, and because the fund has been thus affected it was considered in their interest, I take it, to propose an increase in the contributions. However, I take it that it is your wish to proceed with the bill this morning, and that questions having to do with the loss of investments by the Unemployment Insurance Commission may follow later. Is that your wish?

The CHAIRMAN: I will not commit myself on that.

Mr. MARTIN (*Essex East*): It is not a question of you committing yourself; it is a question of ascertaining your wish. The commitment will have to be made by the committee, and not by the chairman.

The CHAIRMAN: You are asking me the question and I said I did not wish to commit myself on the particular question.

Mr. MARTIN (*Essex East*): What does that mean?

The CHAIRMAN: The question you asked—

Mr. MARTIN (*Essex East*): What precisely does your reply mean?

The CHAIRMAN: You said there were certain questions you would like to ask in connection with the investments made by the Unemployment Insurance Commission and that you would like to have the officers available for questioning in connection with that. The officers have been here ever since the committee sat, and any time you want them they are here.

Mr. BELL (*Saint John-Albert*): We have heard the officials on one or two occasions and I am sure they will be here again.

The CHAIRMAN: In connection with the matter of investments I have not any particular opinion at the present time. As long as the committee is satisfied that it is necessary and that it pertains to the bill, I think they will be asked, but it will have to be shown where their information will be required. When we arrive at that stage we can probably decide on it.

Mr. MARTIN (*Essex East*): It is a very fundamental point in this whole picture. I had intended earlier to take this item of business first, but when I came into the room and saw the minister was here, and realizing how busy he is, I thought I would not change the program. If it had not been for that I was going to ask the governor of the Bank of Canada to come here, as well as other members of the investment committee, to explain the heavy losses that have taken place in the 1958-59 and in the 1957-58 periods with regard to the unemployment insurance fund. As the Minister of Labour is here now, I think out of respect for him we should allow him to make whatever contribution he has to make. I am now advising, Mr. Chairman, that at our next meeting I propose to ask for a very thorough investigation of the whole matter of the commission's investments.

The CHAIRMAN: Clause 1—section 23 of the Unemployment Insurance Act is amended—

Mr. STARR: Mr. Chairman, with the permission of the Chair and the members of the committee might I say that the Unemployment Insurance Commission has prepared explanatory notes for all the clauses embodied in this bill. Possibly it would help the members of the committee if those explanatory notes were now distributed so that all the members of the committee might have an explanation of each section in this bill. If that is agreeable, we are prepared to distribute them.

The CHAIRMAN: Is that agreed?

Agreed.

Mr. STARR: The explanatory notes commence with clause 3. We do not have explanatory notes for clauses 1 and 2, and when we come to them I shall be glad to explain them.

The CHAIRMAN: We are on clause 1 now.

Mr. CARON: May we have the notes distributed before we proceed?

Mr. STARR: Yes, they are being distributed now.

Mr. CARON: Have they been translated into French?

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): No.

Mr. CARON: Would it be possible for us to be provided with a French translation for the French-speaking newspapers?

Mr. STARR: Yes, we will get it. We do not have one prepared now, but we will make the arrangements.

Mr. CARON: It always has to go through translation before being published, and therefore they have to publish it the day after.

Mr. STARR: We shall try to get a translation as quickly as possible.

Mr. CARON: Thank you.

Mr. MARTIN (*Essex East*): Are these explanatory notes in regard to certain clauses only?

The CHAIRMAN: Clause 3 is the only one we have distributed yet. We are now on clause 1.

On clause 1—Repeal:

Mr. CARON: We are deleting sub-paragraph (c)?

Mr. STARR: That is right.

Mr. CARON: The use of employment service; they will not licence employment services?

Mr. STARR: On the advice of the Department of Justice it became apparent that the power conferred under the act upon the commission to regulate, prohibit and license private employment agencies could not be validly exercised. It was therefore decided to revoke the provisions of the act dealing with private employment agencies, making it clear to all concerned that the matter is one of provincial responsibility.

Mr. MARTIN (*Essex East*): I think that was a clear invasion of the property and civil rights clauses.

Mr. CARON: These agencies were employed only where they had no employment office?

Mr. STARR: No; as a matter of fact these private employment agencies operate in large metropolitan centres where we have many offices, and they charge fees for their services?

Mr. SIMPSON: Do they operate in every province?

Mr. STARR: I think they do. I am not certain, but I believe the majority of them are in large metropolitan centres, except I am told for Newfoundland.

Mr. MARTIN (*Essex East*): While this is not within the competence of Canada, there are great abuses arising out of some of these offices about which the minister might say something which would have some effect in the country. Some of them are legitimate and some are not.

Mr. STARR: That is quite true. In our opinion there are abuses in the practice and the conducting of the business of these agencies where they charge exorbitant fees from the employees who are seeking work. We endeavoured to regulate these agencies but the Department of Justice has told us that we do not have jurisdiction. Consequently I am hoping that the provinces will be able to regulate them now as they exist in each province.

Mr. MARTIN (*Essex East*): What about Ontario? Is there not a regulation going on now by the department of labour of Ontario?



Mr. STARR: I think since we are withdrawing from the field the Ontario department of labour will take action of some sort because they are vitally interested.

One of the first things which confronted me was representation by the province in the matter of regulating these agencies. Now that it has been established that it is within the field of provincial jurisdiction, I am sure some action will be taken.

Clause 1 agreed to.

On clause 2—

Mr. STARR: Clause 2 is to change the word "remuneration" to "earnings". Earnings is being used throughout the act so in one or two clauses the same changes will be made in order to have uniformity.

Mr. CARON: Does that clarify the law?

Mr. STARR: Yes, it is the use of the word "earnings" throughout the whole act, rather than the word "remuneration" in some parts and "earnings" in others.

Mr. CARON: Remuneration can be looked upon as salary or commission, while earnings may have a different connotation. I am just asking the question.

Mr. STARR: I am told that we have the power to define earnings.

Mr. CARON: But we have no power to define remuneration?

Mr. MARTIN (*Essex East*): We want to have similarity of wording in all the sections.

Mr. STARR: That is right.

Clause 2 agreed to.

On clause 3.

Mr. McMILLAN: Are these explanatory notes with respect to clause 3 going to be read to us?

Mr. STARR: We have no explanation for clauses 1, 2, 4 and 8.

Mr. McMILLAN: We are now on clause 3.

Mr. STARR: That is right, clause 3.

Mr. MARTIN (*Essex East*): I think Mr. McMillan's point was that we have this written explanation concerning clause 3, and it is the first time we have seen it. So we suggested that it be read to us in extenso in order to give us a chance to understand its meaning.

Mr. STARR: I shall ask Mr. McGregor to read it for you.

Mr. J. MCGREGOR (*Director, Insurance Branch, Unemployment Insurance Commission*):

#### AMENDMENTS TO THE UNEMPLOYMENT INSURANCE ACT WAGE CEILING

(Clause 3 of Bill: Section 27(q) of Act)

The Unemployment Insurance Act excludes from coverage salaried employees earning in excess of \$4,800 per year. This exception has been retained since the inception of unemployment insurance in Canada, with periodical raising of the ceiling amount. When the act came into operation in 1941, the ceiling amount was \$2,000 per year, and the present ceiling amount of \$4,800 per year was set in July, 1950.

The reasons advanced for this exception arise from the concept that employees in senior positions of a managerial or executive nature are less

subject than others to the fluctuations and contractions of industry and to the risk of unemployment, and from the fact that the benefit formula does not provide insurance protection for earnings in excess of the amount corresponding to the top contribution class, which under the amendments in the bill will be about \$3,600 a year.

There is no ceiling for employees paid at hourly, daily, piece or mileage rates. The earnings of these employees fluctuate from one pay period to another and it is therefore difficult to estimate their yearly earnings in advance. Such employees, moreover, are more commonly subject to occasional layoffs than salaried employees and have greater need of unemployment insurance.

Because of rising levels of wages and salaries, the ceiling applicable to the salaried group has to be adjusted from time to time in order to maintain the coverage for the same classes of employees. Such adjustments were made in 1943, in 1946 and in 1950. The following table shows approximately the rise in salary levels from the year unemployment insurance came into effect to the present and the level at which the salary ceiling has been fixed for each of the years shown.

Year	Salary ceiling	Average weekly Salaries
1941 .....	\$2,000	\$26.00
1943 .....	2,400	30.00
1946 .....	3,120	32.00
1948 .....	3,120	40.00
1950 .....	4,800	45.00
1954 .....	4,800	59.00
1958 .....	4,800	70.00

In 1941 average wages were about \$26 a week and the ceiling was \$2,000, high enough to cover persons with weekly earnings just under \$39, i.e., giving a leeway of 50 per cent. In 1948 average earnings were \$40 a week and the ceiling had been increased to \$3,120, equal to \$60 a week. This still kept approximately the same margin of leeway, about 50 per cent.

Even then it was found that a good many salaried employees were getting increases in rates and cost of living bonuses that were putting them over the ceiling, although there was not much change in the nature of their jobs or their seniority. When the ceiling was again amended in 1950 average weekly earnings had risen to nearly \$45 and the new ceiling of \$4,800 or \$92 a week provided a margin of 100 percent. This was thought to be enough to provide amply for conditions then existing and also for a moderate amount of further inflation. No change was made when the act was revised in 1955, but even then average weekly earnings were between \$55 and \$60.

However, the inflation curve since 1950 has been sharper than in the preceding years. Between 1950 and 1st January, 1959, average weekly earnings rose from \$45 to about \$70. This was an increase of more than one-half (55 per cent). A good deal of the margin provided in 1950 has been taken up and it is obvious that a further increase is needed.

To regain about the same margin as formerly between average weekly earnings and the maximum for coverage, and thus retain approximately the same class of employees under coverage the Unemployment Insurance Commission and the unemployment insurance advisory committee have jointly recommended that the ceiling should be raised to \$5,460 a year, which will cover salaried employees earning up to \$105 a week.

The inadequacy of the present \$4,800 ceiling is reflected in the increasing volume of applications from salaried employees who are electing to continue

as insured persons after going over the ceiling, paying both shares of the contribution. That is, the employer's and the employee's share. It is estimated that the salaried employees now over the ceiling are distributed in the earnings ranges shown below.

Weekly earnings class	Number	Percentage
\$ 90.00 - \$ 99.99	58,000	23.8
100.00 - 109.99	46,800	20.0
110.00 - 119.99	30,400	13.4
120.00 - 129.99	23,400	10.2
130.00 - 139.99	16,400	7.2
140.00 - 149.99	11,700	4.7
150.00 and over	46,800	20.7
Making a total of	233,500	100.0

The effect of the proposal to set the ceiling at \$5,460 a year would be to bring back under coverage all those in the first earnings class and about half of those in the second group, a total of some 80,000. The number still excluded would be about 153,500. Most of these are in the executive and managerial category, who have never been covered by unemployment insurance. They have little need for such protection in view of the amount of their earnings and the permanency of their employment.

It is estimated that the proposed change in the ceiling for insurability will increase the revenue by slightly less than one percent.

Mr. MARTIN (*Essex East*): Mr. McGregor, you say in the first paragraph that there was a periodical raising of the ceiling amount. What was the situation in 1939? What was the maximum rate of remuneration?

Mr. MCGREGOR: The ceiling was \$2,000.

Mr. MARTIN (*Essex East*): Then there was an amendment to that, was there not?

Mr. MCGREGOR: In 1943 it was \$2,400.

Mr. STARR: There have been three amendments so far, one in 1943, one in 1946 and one in 1950, which brought it up to the present ceiling.

Mr. MARTIN (*Essex East*): Was there not an amendment in 1948?

Mr. STARR: No.

Mr. MCGREGOR: There was no change, sir.

Mr. STARR: It remained the same through 1946-48 inclusive.

Mr. BEECH: Mr. Chairman, in reading this through, it seems to me that the whole basis of the plan is to cover only those people who are likely to be unemployed. I am wondering how long you can go on like that. I do not know of any insurance company that will insure those people who are likely to be sick; they make the well pay for the sick.

Mr. STARR: This category is of foremen and their equivalent; they are the most unlikely people to be unemployed.

Mr. BEECH: They are in the upper bracket.

Mr. BROWNE (*Vancouver-Kingsway*): It mentions here that it is difficult to find out what the earnings of the people are who are on piecework and things of that nature—and perhaps in seasonal work. One of the big complaints I have had in connection with the act is that people, while they may be unemployed, have earned in some cases as much as \$10,000 a year and still are able to draw under the act, whereas a salaried employee cannot go above



the ceiling of \$5,460, which is proposed now. Is there not some way in which we can deal with these people and prevent those who have made a huge income in the year from drawing unemployment insurance?

Mr. MCGREGOR: Perhaps I can answer your question. You are speaking about the fishermen?

Mr. BROWNE (*Vancouver-Kingsway*): Someone just called to my attention people working in shipping on the Great Lakes, a captain or a mate on a ship, and I think the logging industry might be another one. I do not know how many there may be, but certainly fishermen are one group of which I know.

Mr. MCGREGOR: I can explain the matter in connection with the fishermen. When we brought in fishermen that was the first time we extended unemployment insurance to persons who are not under a contract of service. Only 7 per cent of those engaged in fishing were under a contract of service; 93 per cent were either on a share basis or owned their own boats. Therefore, we had to make the buyer of the fish the employer. Fishermen sell to five or six different buyers in the course of a week and one buyer would not know when the other had received enough catches from one operator to put that operator over the ceiling. It would be impossible administratively for one buyer to know when the person who is selling the fish had gone over the ceiling. We are compelled then to insure all of them. That is the reason for there being no ceiling for the fishermen. The only other way would be to have a means test, and I do not think any of us would like to see that.

Mr. MARTIN (*Essex East*): In that connection, can you say—or perhaps this should be more properly directed to the minister to whom it was attributed—but over the week-end it was suggested in the press the minister had asked the unemployment insurance commission to give consideration to the possibility of a revision in the Unemployment Insurance Act to provide for separate funds, or something of that sort. Would the minister care to comment on that, and would that affect our deliberations here?

Mr. STARR: From time to time we have had meetings on the subject of farm employees, farm help, and their inclusion under the act. We had a meeting five weeks ago and during the course of that meeting we decided we would look into this aspect or the possibilities of segregating the seasonal workers from this present act and putting them under a separate act. Of course, the commission has not had sufficient time to devote their energy and time to that aspect because of their occupation in this committee, but as soon as the work here is finished, they will be able to devote their time to see if they can come up with some plan that would bring that about.

Mr. MARTIN (*Essex East*): Would that in any way affect this bill? Would it be wise for us to suspend our operations to give the commission time to give consideration to that?

Mr. STARR: No, it will not affect that. The commission advises me it would take at least a year to carry out these operations.

Mr. BENIDICKSON: What is the feeling of representatives of well-known farm organizations, national organizations, with respect to insuring farm help?

Mr. STARR: From my short experience, I find they have been divided in their opinions from time to time. At the moment they are recommending the inclusion of certain segments of the agricultural industry. Others in the agricultural industry are opposed; as an example of this, there are the grain growers and the dairy producers. To my knowledge, these two segments are opposed to the inclusion of farm help. However, there are strong representations from other segments such as the Okanagan valley fruit growers, the

Annapolis valley fruit growers for inclusion, and the beet-growing industry is strongly urging the inclusion of farm labour under the Unemployment Insurance Act.

Mr. BENIDICKSON: What is the position in the United States?

Mr. MCGREGOR: The District of Columbia insures farm labour and I understand farming operations are infinitesimal in that area, and also in Hawaii on a very narrow basis.

Mr. McMILLAN: Have you any figures to show what this might cost different industries? I have in mind the pulp and paper industry. Have you any idea what this might cost them? Has the pulp and paper industry made any representations to the committee?

Mr. STARR: Representatives of the paper industry were in to see me about it and when I advised them of our plans in connection with this matter they were quite satisfied with what was being contemplated.

Mr. CARON: There are a good many with salaries of \$6,000 a year. A certain number are senior employees. Very few of the higher wage men are laid off.

Mr. STARR: They would not be included.

Mr. CARON: They are hired by the day.

Mr. STARR: Or on salary.

Mr. CARON: Their salary is so much an hour, which is so much a day, and a good many of them are over \$6,000 in earnings. They are included, and the ones who draw over \$6,000 a year are those who are not laid off. It is the lower salaried men who are laid off.

Mr. McMILLAN: Would a statement from a pulp and paper executive that it would cost them \$1½ million or \$2 million be correct? Can anyone advise me in connection with that?

Mr. STARR: We have not computed it.

Mr. BELL (*Saint John-Albert*): The Pulp and Paper Association were present when the Canadian Manufacturers Association handed their briefs in, and I presume that the thoughts which the Canadian Manufacturers Association expressed would cover their particular situation. They had a representative here the day that brief was presented.

Mr. CARON: I do not know whether or not you can say that; it is a presumption, and we may presume that someone might not be satisfied.

The CHAIRMAN: They sent word. They were on the list here and they were asked what day they could appear and they declined to come. They said their views were incorporated with those of someone else.

Mr. CARON: With the Canadian Manufacturers Association?

The CHAIRMAN: Yes.

Mr. BENIDICKSON: I know it is not regular procedure to ask a member of the committee a question, but I do not understand the trade of the men engaged in the pulp and paper industry who would still be receiving remuneration on a daily rather than a monthly basis and be assured of twelve months' work.

Mr. CARON: Those in the paper industry are paid by the hour or by the day.

Mr. STARR: There is no ceiling for such employees.

Mr. CARON: And most of them drawing wages of \$6,000 or more are still covered by this, but are in secured employment and never laid off.

Mr. BENIDICKSON: But they are paid by the hour.

Mr. CARON: Most of them are paid so much an hour and they make about \$20 or \$22 a day.

Mr. BELL (*Saint John-Albert*): I wonder if I could ask Mr. McGregor or any of the other officials a question. The longshoremen in Saint John and Halifax will be affected by this change. Do you have any other thoughts about their future? There has been some difficulty with the seasonal nature of their work, and I am just wondering if you would care to express yourself about the longshoremen?

Mr. MCGREGOR: I intend to go into the question of the longshoremen in Saint John, Halifax, Quebec, Montreal and Vancouver the moment we clear this up here, and work out something with them.

Mr. GRAFFTEY: I do not know whether or not my question is in order at this time, but I am going to put it just the same. I want to ask a question in connection with provincial government employees who are doing seasonal work, such as road work and work of that type—

Mr. BENIDICKSON: During elections.

Mr. MACLEAN (*Winnipeg North Centre*): That was only under Hepburn.

Mr. GRAFFTEY: In what provinces are they covered and in what provinces can they take out insurance books?

Mr. MCGREGOR: All provinces insure some of these people. Most provinces insure most of these people, but the province of Quebec insures no one.

Mr. STARR: Most provinces insure the majority of their employees, except the province of Quebec.

Mr. BENIDICKSON: Is that provincial coverage only with respect to non-salaried workers?

Mr. MCGREGOR: Usually, yes.

Mr. CARON: All those who presented briefs and all the briefs we have received were requesting very strongly that the seasonal workers should be placed in a special category by themselves and, if I am well enough informed, I think it has been discussed at length in the advisory committee. They are of the opinion that the government should separate them so they can keep the other on a sound insurance basis. Has this aspect been studied very thoroughly before the bill was presented?

Mr. STARR: Yes, we have been studying the inclusion of farm help, as an example, for quite some time, but because of a very difficult problem we have not been able to arrive at any solution to date. However, we have some other thoughts now, and in them is included the possibility of segregating all seasonal workers under the present act and putting them under a separate act. This will have to be worked out, and the commission will undertake that study.

Mr. MARTIN (*Essex East*): In that event, Mr. Minister, would there be any contributions for that new fund imposed upon the insured workers?

Mr. STARR: I doubt it. Our intention is that it should be self-sustaining, if possible, and it is hard to tell at this time what the complications may be. We would have to consider these complications when trying to devise some formula for these groups.

Mr. MARTIN (*Essex East*): It is an important question in relation to the present bill. One of the complaints registered against this bill is that some feel it is not fair to impose upon the insured groups the financial responsibility for supplementary payments. Now you say that there is a possibility that in a year's time or so there will be another fund to take care of those covered by supplementary payments. My question is this: in that event, will the insured worker have to bear any financial responsibility for the maintenance of the second fund?



Mr. MACINNIS: Just for clarification, I would like to get this question straight. I think we were speaking of the seasonal workers and your remarks were along the lines that you are indeed investigating the possibility of including the farm workers under this act or possibly under a separate fund. Now, to my knowledge, I believe Mr. Martin's question was would these farm workers and seasonal workers who may eventually come under the scheme be responsible to this fund.

Mr. STARR: It is difficult to answer that because we have not made a study of the possibility of creating a new act taking in all these seasonal workers.

Mr. BENIDICKSON: Are you not speaking of two things, the people who would not be likely to work for a full year and—

Mr. MARTIN (*Essex East*): I think the principle is the same, whether or not it is fair to impose upon workers in the insured group the responsibility of maintaining these funds. It seems to me it does not matter whether or not the funds are spent. What does matter is whether the responsibility for the fund is borne by the contributors who are insured or borne by the state in one form or another.

Mr. STARR: It is difficult to say how it will work out. It is something which will be brought about as a result of this study which is being made.

Mr. NOBLE: I thought the idea was to have these things separated so that we would not have the man who is steadily employed carrying the load for those who are not.

Mr. STARR: That is the idea. If they can be segregated, then in my opinion, there would be no necessity of having seasonal benefits under the present act because the seasonal benefits would be taken care of. The situation we were confronted with was that all these seasonal workers had been included. Up until now there have been no new seasonal workers included since the fall of 1958 when the fishermen were brought in under the act. They were the last group brought in under the act in the fall of 1957.

Mr. CARON: Did the advisory committee advise the minister over a year ago that there was a lack in this field of seasonal workers and the others?

Mr. STARR: They had been already included by the former government and there was nothing we could do about it. We took over and tried to find ways of rectifying the situation.

Mr. CARON: Were you advised over a year ago or had any study been made at that time to segregate those two fields?

Mr. STARR: I am advised that the committee made no such recommendation at all.

Mr. CARON: We do not have the minutes, so it is hard to know.

Mr. STARR: You have the report.

Mr. CARON: I was told by people who are well informed that the minister was informed over a year ago.

Mr. BEECH: This is hearsay.

Mr. CARON: Yes; but this is not a court and we are not lawyers. They advised the government at that time that it was a dangerous thing to keep them together, and that you should have a different section for seasonal workers.

Mr. STARR: As I say, those are the anomalies we found when we took over the system which had been created by the former government. Now we are in the process of trying to rectify the situation.

Mr. CARON: Was it not the duty of the government to follow the advisory committee in the matter?

Mr. STARR: We have asked the Unemployment Insurance Commission to make a study of the possibility of segregating them from the regular insured workers.

Mr. MARTIN (*Essex East*): Has that particular matter been discussed in any way with the advisory committee?

Mr. STARR: No.

Mr. MARTIN (*Essex East*): Is the advisory committee now functioning?

Mr. STARR: The advisory committee is in the process of being reappointed. Their term of office expires on June 27. As the hon. member knows, three of the labour representatives resigned and will be replaced. They will be functioning again when the time arrives for them to function.

Mr. MARTIN: Have the labour representatives been appointed yet?

Mr. STARR: No appointments have been made as yet. I have asked the labour organizations for the names of the persons they wish to put forward. To date, I have not received them.

Mr. MARTIN (*Essex East*): In view of the representations of the labour organizations there may be—

The CHAIRMAN: That question is out of order. We are not going to discuss the advisory committee.

Mr. MARTIN (*Essex East*): Why is that out of order?

The CHAIRMAN: It is not germane to our business.

Mr. MARTIN (*Essex East*): If you had an elementary appreciation of what this bill is about you would not make such absurd statements. Of course it is in order. The Minister of Labour is tapping you on the shoulder.

Mr. STARR: I do not know whether it is in order or out of order. However, I have an answer.

Mr. MARTIN (*Essex East*): The Minister of Labour was signalling the chairman to let him go on.

The CHAIRMAN: But that does not say I have to let this go on.

Mr. MARTIN (*Essex East*): That is right.

The CHAIRMAN: I rule it out of order.

Mr. MARTIN (*Essex East*): I move we be allowed to ask the question which the Minister of Labour is willing to answer.

The CHAIRMAN: I rule it out of order.

Mr. MARTIN (*Essex East*): I challenge the ruling.

An hon. MEMBER: What was the question?

The CHAIRMAN: The question he is asking the Minister of Labour is who are going to be the proposed additions.

Mr. MARTIN (*Essex East*): That is not the question. Why are you ruling it out of order?

The CHAIRMAN: I know what you are asking.

Mr. MARTIN (*Essex East*): The question I was asking was whether or not, in view of the experience of the three labour representatives on the advisory committee, who recently resigned, would the minister give consideration to the desirability of approaching them to see whether or not they are prepared to take their positions on the committee?

The CHAIRMAN: That is the same thing, I told you.

Mr. MACINNIS: On a point of order; that is an entirely different question. That is not the question which was presented first.

Mr. CARON: On the point of order, I might say you did not give him a chance to finish his question. You said he was out of order before he finished,

just as you did on other occasions. I have sat on other committees where the chairmen knew much better what they were doing than you do.

Mr. STARR: I think I can straighten this out.

Mr. MARTIN (*Essex East*): If you can, Mr. Minister, you will be a welcome addition to this committee.

Mr. STARR: I am sure it will not be to the satisfaction of the hon. member.

Mr. MARTIN (*Essex East*): As long as it is the truth.

Mr. STARR: If the Canadian Labour Congress and the C.C.C.L. submit the names of those persons, then they most certainly will be given every consideration in the nomination.

Mr. MARTIN (*Essex East*): There will be the fullest consultation with labour?

Mr. STARR: The fullest consultation has now been gone through in this. I myself have written letters asking them for the names.

Mr. MARTIN (*Essex East*): I like that smile.

The CHAIRMAN: He is away ahead of you, Paul.

Mr. BELL (*Saint John-Albert*): It is nice to see Mr. Martin smile, too.

Mr. MACINNIS: Getting back to Mr. Martin's original question regarding the contributions made by anybody who might come under this new plan, I cannot see any justification in having such a plan without those participating in it and those who will derive benefits from it not contributing towards it.

Mr. BENIDICKSON: What do you mean?

Mr. MACINNIS: I cannot see any sort of a plan whereby these seasonal workers would gain benefits without themselves contributing towards such a scheme. I think that was the intent of the original question.

Mr. McDONALD (*Hamilton South*): Would this second fund not be self-sustaining?

Mr. STARR: Most of these questions are of a hypothetical nature because we have not had an opportunity to make a proper study to the whole question. There will be, I am sure, many difficulties involved, but during our studies we are trying to overcome these difficulties and are trying to see if we can come up with something which will be sound in every respect.

Mr. MACINNIS: If that is the case, could we get on with the next clause.

Mr. MARTIN (*Essex East*): We are not finished with this clause. Mr. MacInnis' question was not answered.

Mr. MACINNIS: It was answered to my satisfaction in that until something concrete is established there is no answer to my question.

Mr. MARTIN (*Essex East*): At the bottom of page 3 you say:

To regain about the same margin as formerly between average weekly earnings and the maximum for coverage, and thus retain approximately the same class of employees under coverage the Unemployment Insurance Commission and the unemployment insurance advisory committee have jointly recommended that the ceiling should be raised to \$5,460 a year, which will cover salaried employees earning up to \$105 a week.

What was the date of this joint recommendation of the members of the advisory committee?

Mr. STARR: July 17, 1958.

Mr. MARTIN (*Essex East*): Is it not a fact that the members of the advisory committee also recommended unanimously at that same meeting that nothing be done by way of increases in rates of contribution?



The CHAIRMAN: We are not on that clause.

Mr. MARTIN (*Essex East*): He is referring to the advisory committee. As the chairman always rules me out of order, I would like to take advantage of this reference to the advisory committee in a report made by the minister himself.

Mr. BELL (*Saint John-Albert*): I think we should stick to the clause now.

Mr. MARTIN (*Essex East*): You made the rulings when you were the chairman. As a matter of fact, you were not a bad chairman.

Mr. MACLEAN (*Winnipeg North Centre*): The rates of contribution come up in the following paragraph. Perhaps Mr. Martin would ask the question then.

Mr. MARTIN (*Essex East*): I want to ask it now.

Mr. MCGREGOR: In the report of July 8 it says:

The committee recommend for your favourable consideration the following proposals of the Unemployment Insurance Commission:...

(2) provide for the elimination of wage ceiling of \$4,800 in present act and substitute authority for the commission to fix a higher wage ceiling from time to time to suit conditions.

Mr. MARTIN (*Essex East*): Was that at the meeting where they unanimously recommended there would be no increase in the rates of contribution?

The CHAIRMAN: We will take that up under the clause.

Mr. MARTIN (*Essex East*): You are allowing me to find out what the advisory committee did under another clause?

The CHAIRMAN: There will be no precommitments.

Mr. MARTIN (*Essex East*): Your tolerance this morning is overwhelming.

The CHAIRMAN: You dumbfound me with your acquiescence.

Mr. BENIDICKSON: I am not satisfied with this matter of who is regarded as a seasonal worker. I take it we have in the act persons who have been mentioned, such as fishermen. We were speaking about the possibility of adding classes such as farm help. When we were speaking about them we seemed to be talking about them in the context of a seasonal worker. Is a logger in the main, in the view of the commission, a seasonal worker?

Mr. MCGREGOR: Yes. A logger would be considered a seasonal worker, I would say.

Mr. BENIDICKSON: My difficulty is that in the district from which I come there has been a very strong tendency, which I think is to be admired, of trying to remove the loggers from the position of being winter workers only. There has been a tremendous extension of the opening up of summer camps and all-year round operations for that particular purpose, so that the men are not on their own out in the streets. Has the commission this in mind and how would they determine who is a seasonal worker?

Mr. MCGREGOR: We would have to make a survey to determine the number of weeks worked per year in each of these industries. We did that before we brought in lumbering and logging in the first instance. As the hon. gentleman says, there have been departures from the seasonality.

Mr. BENIDICKSON: I recall a couple of complaints I received last year from university students who were in insured employment and were obligated to pay their insurance premiums. They complained about it. I wrote back and said that who was to tell that their decision would be to go back to university in the future. I said if circumstances were such that you could not go back to university you might be very grateful if you were laid off subsequently and were entitled to the insurance.

There must be a difficulty in connection with interpreting employment. Simply a certificate from the employer that the man is not likely to be engaged for longer than a few months would hardly be sufficient.

Mr. MCGREGOR: I think we must decide what industries are in the main seasonal. I think we have to tackle the industries by themselves. Transportation by water would be one—inland shipping. We would have to study the whole industry.

Mr. BENIDICKSON: In the concept of both employer and employee at the time of hiring—agreeing that the person would be classed as a seasonal worker under a special category which was not insurable at all—under your present regulations for municipalities you get at a certain point, do you not, when you say that so and so is a salaried worker?

Mr. STARR: After two years of employment.

Mr. BENIDICKSON: But even after two years of employment if that decision is made, it is irrevocable, and he can never come under the act.

Mr. STARR: That is true.

Mr. BENIDICKSON: There is nothing in this bill which would alter that situation.

Mr. STARR: No.

Mr. GRAFFEY: It seems to me that the definition of seasonal employment is going to need a major study undertaken by the department in the very near future. I think if each member of the committee is going to bring up his own ideas, with his own constituency background at this time, we would be here indefinitely. It is a study in itself, this definition of seasonal employment, and I cannot think that if we were to bring it up now, it would certainly take quite a lot of time to get into the philosophy of it before the study has even been made.

Mr. CARON: I was not thinking of anything particularly in my own constituency, but rather of all the pulp and paper industry. There are some who are laid off in November of each year and are taken back on in May of each year. Would they be considered as seasonal workers?

Mr. MCGREGOR: It would depend on what the survey revealed. We would have to go in and survey the whole field. For example, we find that lumbering and logging in British Columbia is not seasonal. It goes on the year round. That is the kind of thing we would have to delve into.

Mr. BENIDICKSON: My fear is that under the act what we are after at this moment might be altered without reference to this committee; I mean concerning the workers. To me there is some danger in it.

Mr. BROWNE (*Vancouver-Kingsway*): We have received suggestions in two of the briefs that it should work something along the line of workmen's compensation, where the element of risk is taken into consideration and that there should be some variation in the premiums, and that they should be higher in an industry where the risk is greater. Has any consideration been given to that aspect of it?

Mr. STARR: That will be one of the problems we shall deal with when we consider this whole plan of seasonal unemployment insurance.

Mr. BROWNE (*Vancouver-Kingsway*): You have suggested in this study that there might possibly be two funds set up. I suggest that they might be kept all in one fund, but with a variation in the rates of contribution.

Mr. STARR: That is something we might have to give consideration to. I do not know.

Mr. BENIDICKSON: When we consider this particular clause, the complaints we receive from employers and employees about the obligation to

pay dues from time to time, the rates vary with workmen's compensation insurance, but everybody knows there is a terrific safety campaign put on by every industry to try to reduce accidents. I admit there is the human aspect in it as well—but in the mere matter of dollars and cents, they have been rewarded in that the costs to them for their dues go down very noticeably in certain instances when they make a great effort in this respect. But we do not see the same being done by the employers with respect to the cost of unemployment insurance. That is, it may be, due to a failure in planning on their part, for seasonal lay-offs.

Mr. SPENCER: Following along Mr. Benidickson's thinking, perhaps that is due to the fact that under the workmen's compensation act the employer's contributions are increased if the cost increases, whereas under the policy or scheme of unemployment insurance there is no increase, no matter how many employees are out of work.

Mr. BENIDICKSON: They do not seem to put the same amount of energy into planning and studying unemployment.

Mr. SPENCER: That is right.

The CHAIRMAN: We only have the use of this room until 11 o'clock because another committee is coming in. We will have to give the staff a chance to clear it up. Shall we not carry this clause?

Mr. MACINNIS: On the subject of comparing compensation rates, I do not think they can be compared if there is no contribution made by the workers to a compensation fund. But it certainly is not on a national scale. However, it would be if such a plan were adopted.

Mr. McMILLAN: At the top of page four of the brief you say that the number of insured persons are now assuming both shares, that is, the employer's share and their own share. How many workmen actually do that?

Mr. MCGREGOR: It has been increasing tremendously lately because of the number of people who are going over \$4,800 and who wish to be continued as insured.

Mr. McMILLAN: How many?

Mr. MCGREGOR: I could not tell you offhand, but it is becoming quite heavy.

Mr. McMILLAN: What is the mechanism of it? Does the industry deduct the total from their pay?

Mr. MCGREGOR: Both shares; they take off both shares then make their contributions in the regular way. The applicant signs a form indicating he wishes to elect, and the employer is governed accordingly.

Mr. BENIDICKSON: It was indicated on page three that when the amendment was made in 1950, long standing margins were used of 50 to 55 per cent and these were departed from, and you reached 100 per cent. Why are we not maintaining that margin?

Mr. MCGREGOR: We still have quite a margin at the top rate of earnings. The range is \$69 and over. That means, roughly, about \$3,600 a year that has top coverage. In other words, if a man is earning \$5,460 he gets insured for the first \$3,600, so we still have a margin between \$3,600 and \$5,460.

Mr. BENIDICKSON: There is not much of a change in the lower figure.

Mr. MCGREGOR: That is right.

Mr. BENIDICKSON: On page four in the second last paragraph before the table it says the effect of the proposal is to set the ceiling at \$5,460, and to bring back under coverage all those in the first earnings class, and about one half of those in the second group, making a total of about 80,000. These words "bring back"—you assume that all in that one group, and half in the other group were covered at one time



Mr. MCGREGOR: That is right, and some of them have elected to continue and have paid both the portions.

Mr. CARON: Could they elect to pay their full share and stay under the Unemployment Insurance Act?

Mr. MCGREGOR: Only when they go over the ceiling, and within six months of their going over the ceiling.

Mr. CARON: They would pay what rate?

Mr. MCGREGOR: It does not matter what they pay; there is no ceiling on that.

Mr. McMILLAN: There is no time limit?

Mr. MCGREGOR: No sir.

The CHAIRMAN: Gentlemen, we are reaching the time when we have to retire. Shall we meet this afternoon? This question seems to need exploring further so we might as well meet at 4 o'clock this afternoon.

Mr. MARTIN (*Essex East*): Just a minute, Mr. Chairman. Let us clearly understand this. We have our responsibilities in the House of Commons where we are discussing a very important bill. In any event, we have not decided to meet while the house is sitting. There is a limit to what we can intelligently do.

The CHAIRMAN: We have the provision to sit while the house is sitting.

Mr. GRAFFTEY: I would suggest that this committee has its responsibility to the workers of the country.

Mr. MARTIN (*Essex East*): Well, I cannot be here this afternoon.

The CHAIRMAN: Is it the intention of the committee to sit this afternoon to continue with this bill?

Mr. BENIDICKSON: There is to be a meeting of the Public Accounts Committee this afternoon and also a meeting of the Veterans Affairs Committee. That makes it a pretty heavy afternoon for us to add another parliamentary committee.

The CHAIRMAN: This committee has not yet sat while the house was in session. But we have a lot of business to perform and it is evident that this bill is going to be gone into very thoroughly, and we must have the time in which to do it.

Mr. MACINNIS: Are we so short of committee rooms around here that one committee has to jump up to get out of the way of another one?

The CHAIRMAN: That is the predicament.

Mr. MACINNIS: Why do we not get a room where we may sit and get some work done.

Mr. CARON: We have a duty to perform as well in the house.

The CHAIRMAN: All committee members have that same duty.

Mr. CARON: The government party has the numbers and they can do so, but the Liberals and the C.C.F. do not have sufficient numbers to spread all over the house.

Mr. BELL (*Saint John-Albert*): We have made very little progress this morning. I for one would not want to be connected with any type of delay which would affect the workers in Canada in receiving these benefits on time. Therefore I think we have to consider sitting while the house is sitting and I think we should leave it to the steering committee to decide.

Mr. CARON: That is a form of closure which is not admissible.

Mr. McDONALD (*Hamilton South*): Last week this committee decided to sit during the lunch hour in order to hear a Catholic federation from Quebec, and that was when the Liberals decided to walk out. They would not sit. Therefore all this talk about numbers is a lot of malarkey.

Mr. CARON: For the same reason we are protesting the date. We have to do that. We have to prepare ourselves for the sittings in the afternoon. We do not improvise for what is going on in the afternoon in the house. We have to make some preparation for it. I feel you do not understand that, but it is quite easy to understand.

There are only a few of the government party working, and the others have nothing to do. But we have.

Mr. GRAFFTEY: That is an impression which the hon. member would like to have spread about the numbers. I was not here at the time but at the last session when we had fewer numbers in the house, and the government had more, there was never this kind of crocodile tears.

Mr. MACLEAN (*Winnipeg North Centre*): I suggest that it is the duty of this committee to get this bill through as soon as possible, because I think it is important for labour in this country.

Mr. ARGUE: Mr. Chairman, I was placed on this committee only yesterday so this is my first meeting. I am not going to try to be an authority on your procedure, but as far as I am concerned, the bill is before the committee and it should be reported back to the house this session in time for it to be dealt with in the house. I would think, from just gauging this meeting of the committee, that we might make as much progress if we could postpone for another day or so, the decision as to meeting while the house is in session.

After I have had the experience of being here for two or three meetings and I find that in my view we need to sit while the house is sitting, certainly I would lend my support to it. But for the moment I suggest we postpone a decision for at least another day.

Mr. SMITH (*Winnipeg North*): The house is sitting at 11 o'clock tomorrow morning and this will give us only from 9 o'clock to 11 o'clock for the next few days of this week.

Mr. MACINNIS: If Mr. Argue lacks experience in this committee, I suggest that he has just missed one and a half hours of experience.

Mr. ARGUE: I had another engagement. My young friend does not need to get snotty about it. He has a lot to learn and he does not have very long in which to learn it.

Mr. MARTIN (*Essex East*): Might I remind you of one thing about the simultaneous sittings of committees. The Prime Minister early in this session said that it was not the intention of the government in any way to make it difficult for members of the opposition to discharge their responsibilities. It is not possible surely for us to meet this afternoon or to meet when important matters are up in the house. I hope you will bear that in mind when we come to give consideration to the suggestion that we are delaying this measure. I would prefer to see this bill delayed than to have these unfair impositions imposed on the workers and employers of this country as would be done by this bill.

The CHAIRMAN: I offered my suggestion to the committee when I suggested that we meet at 4 o'clock this afternoon. It is up to the committee, if they wish to do so. But it is evidently the intention to go into extensive explanations, and that it is going to take place on every clause. We have our duty to the house to report this bill. I can go along with the explanation for today not to make a decision, but we will have to meet while the house is in session because it cannot be avoided. What is the pleasure of the committee?

Mr. MARTIN (*Essex East*): You will appreciate that you will have to go to the House of Commons in the face of minority opposition in this matter, and that this matter will have to be debated in the house. The fact is it will have to be decided by the house.

The CHAIRMAN: We decided when this committee was first set up that we would have the power to sit while the house was in session.

Mr. MACINNIS: May I suggest that these meetings have been going along, and that at least 25 per cent of them have been dealing with matters which did not belong to the work of the committee at all. We have been in here arguing about matters not pertaining to what we are here for at all. I suggest we meet at 9 o'clock tomorrow morning and at that time we make up our minds definitely what we are going to do.

The CHAIRMAN: Notices have already gone out for 9.30 tomorrow so we will let it stand at that.

Mr. ARGUE: You are going to leave it at that?

The CHAIRMAN: We can decide to meet at 4 o'clock today, but if you want to defer this, all right. It is obvious we are going to meet at 4 o'clock irrespective of the opposition.

Mr. ARGUE: Today?

The CHAIRMAN: No, not today.

Mr. MARTIN (*Essex East*): Why is it obvious?

The CHAIRMAN: Because we have to go into this very extensively.

Mr. MARTIN (*Essex East*): This afternoon this very procedural question is going to be discussed in the house. Are you aware of that?

The CHAIRMAN: No.

Mr. MARTIN (*Essex East*): Under the motion now standing in the name of the Prime Minister this particular kind of matter is going to be discussed. Yet in the face of that, and notwithstanding the wishes of this committee, you say we are going to meet at 4 o'clock?

The CHAIRMAN: I never said any such thing.

Mr. MACINNIS: Your remark was made on the grounds that there are three or four Conservative members of this committee who have expressed the wish to meet tomorrow morning instead of this afternoon.

The CHAIRMAN: The committee now stands adjourned.















Canada. Industrial Relations  
Standing Committee on 1959

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

**INDUSTRIAL RELATIONS**

*Chairman:* R. H. SMALL, Esq.

**MINUTES OF PROCEEDINGS AND EVIDENCE**

No. 8

**BILL No. C-43**

**An Act to amend the Unemployment Insurance Act**

**WEDNESDAY, JUNE 3, 1959**

**WITNESSES:**

Hon. Michael Starr, Minister of Labour; and *From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; James McGregor, Director, Insurance Branch; and C. Dubuc, Director, Legal Branch. *From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.



STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

*Chairman:* R. H. Small, Esq.,  
*Vice-Chairman:* T. Ricard, Esq.,

and Messrs.

Argue,  
Allmark,  
Beech,  
Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Drouin,  
Grafftey,

Granger,  
Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McMillan,

McWilliam,  
Mitchell,  
Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
*Clerk of the Committee.*

## MINUTES OF PROCEEDINGS

WEDNESDAY, June 3, 1959.

(11)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Argue, Allmark, Beech, Bell (*Saint John-Albert*), Benidickson, Bourdages, Browne (*Vancouver-Kingsway*), Caron, Grafftey, MacInnis, MacLean (*Winnipeg North Centre*), Martin (*Essex East*), McDonald (*Hamilton South*), McMillan, Muir (*Cape Breton North and Victoria*), Noble, Ricard, Simpson, Small, and Smith (*Winnipeg North*)—(20).

*In attendance:* Honourable Michael Starr, Minister of Labour; *From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; James McGregor, Director, Insurance Branch, and C. Dubuc, Director, Legal Branch.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Minister and Mr. McGregor were questioned.

Clauses 3, 4 and 5 were severally considered and adopted.

On Clause 6, Mr. McGregor read an explanatory note and he and Mr. Starr were questioned.

After discussion, on motion of Mr. McDonald (*Hamilton South*), seconded by Mr. MacInnis,

*Resolved*,—That the members of the Investment Committee of the Unemployment Insurance Fund be called before this Committee.

It was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that the Committee change their previous decision and call the Chairman and members of the former Unemployment Insurance Advisory Committee.

The Chairman ruled the motion out of order. Mr. Martin (*Essex East*) appealed the Chairman's ruling. The said ruling was sustained *on division*.

After discussion, it was moved by Mr. Browne (*Vancouver-Kingsway*), seconded by Mr. Bell (*Saint John-Albert*), that the Committee continue this sitting until one o'clock p.m. today.

An amendment to the motion was moved by Mr. Argue, seconded by Mr. Caron, that the words "one o'clock p.m." be changed to "12 o'clock p.m."

*Agreed*,—That the amendment and the motion stand until 12 o'clock p.m. to ascertain the progress of the Committee.

Clause 6 was allowed to stand.

Clause 7 was considered and adopted.

On Clause 8, the Minister advised that when the Bill is before the Committee of the Whole House, he will propose that Clause 8 be deleted.

Mr. Dubuc read an explanatory note.

Mr. McGregor read explanatory notes on Clauses 9, 10 and 11 and he and Mr. Starr were questioned.

Clauses 9, 10 and 11 were severally considered and adopted.

On Clause 12, Mr. McGregor read an explanatory note.

*Agreed*,—That the Interprovincial Farm Union be asked to appear before the Committee on Friday morning, June 5.

Clause 12, sub-clause 1, was allowed to stand, after an explanatory note was read by Mr. McGregor.

On Clause 12, sub-clause 2, Mr. McGregor read an explanatory note and he and Messrs. Starr and Humphrys were questioned.

Moved by Mr. Browne (*Vancouver-Kingsway*), seconded by Mr. MacLean (*Winnipeg North Centre*), that the Committee continue this sitting until one p.m. today. *Carried on division*.

Moved by Mr. Simpson, seconded by Mr. MacInnis, that the Committee sit again today from 7.00 p.m. to 8.30 p.m. *Carried on division*.

On motion of Mr. MacLean (*Winnipeg North Centre*), seconded by Mr. Bell (*Saint John-Albert*),

*Resolved*,—That the Committee do adjourn until 7.00 p.m. today.

At 12.25 p.m., the Committee adjourned accordingly until 7.00 p.m. this day.

## EVENING SITTING

(12)

The Standing Committee on Industrial Relations resumed at 7 p.m., the Chairman, Mr. R. H. Small, presiding.

*Members present*: Messrs. Argue, Bell (*Saint John-Albert*), Benidickson, Browne (*Vancouver-Kingsway*), Caron, Grafftey, Lahaye, MacInnis, MacLean (*Winnipeg-North Centre*), Martin (*Essex East*), McDonald (*Hamilton South*), Muir (*Cape Breton North and Victoria*), McMillan, Ricard, Simpson, Small, Smith (*Winnipeg North*)—(17).

*In attendance*: (Same as listed for morning sitting).

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

On Clause 12, sub-clause 2, Messrs. Starr, McGregor and Humphrys were further questioned.

On motion of Mr. MacLean (*Winnipeg North Centre*), seconded by Mr. Browne (*Vancouver-Kingsway*),

*Resolved*,—That the *entire* Clause 12 stand.

Clauses 13 and 14 were severally considered and adopted.

The Chairman announced that the Interprovincial Farm Union would appear before the Committee on Friday June 5, and that the Unemployment Insurance Investment Committee would attend on Tuesday, June 9.

The Chairman then read a telegram from Mr. George Burt expressing his views on Bill C-43.

*Agreed*,—That Clause 15 stand.

Clause 16 was considered and adopted.

*Agreed*,—That Clauses 17, 19, 20 and 21 be considered jointly.

Clauses 17, 19, 20 and 21 were jointly considered and adopted.

Clauses 18 and 22 were severally considered and adopted.



After discussion, it was moved by Mr. Martin (*Essex East*), seconded by Mr. Caron, that a copy of the actuarial report referred to in the report of the Unemployment Insurance Advisory Committee of August 19, 1958 which was tabled in the House of Commons by the Minister of Labour, be produced for the information of this Committee. Motion negatived *on division*.

The Chairman announced that the next meeting would be Friday, June 5. At 8.50 p.m., the Committee adjourned until 9.30 a.m. Friday, June 5.

M. Slack,  
*Clerk of the Committee.*



## EVIDENCE

WEDNESDAY, June 3, 1959.  
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum. We can proceed.  
We are on Clause 3.

Either the minister, or Mr. McGregor may deal with this. In the comment—

Mr. BENIDICKSON: Is this on clause 3?

Mr. MARTIN (*Essex East*): Yes. On page 4 of the written explanation in the second last sentence there is the following observation: Most of these are in the executive and managerial category, who have never been covered by unemployment insurance. Is it not a fact that under the Unemployment Insurance Act there are many workers covered whose prospects of unemployment are very limited and nevertheless they are included? Why are those in the executive and managerial category any different in principle from such workers to whom I have already referred?

Mr. J. MCGREGOR (*Director, Insurance Branch, Unemployment Insurance Commission*): It is not because of the fact that they are in those categories. It is because of the wage level. We find that most of those persons earning from \$105 a week, up, are in this category and, being in this category, do not need the protection. They are not often unemployed.

Mr. MARTIN (*Essex East*): But there are others who are now in the insured group who have a wage scale much less and whose record of unemployment is negligible. For instance, there are bank clerks and persons working in drug stores. Why is the managerial or executive group any different than those in so far as coverage is concerned?

Mr. MCGREGOR: The principle was set in 1941 when the bill was first introduced that we should cover those, and the same idea still obtains.

Mr. MARTIN (*Essex East*): I have not made myself clear. I am sure it is my own fault. I do not see the significance of that sentence which I have read out. There must be some other reasons for excluding these persons. Surely it is not because they are never out of work because there are many thousands of insured workers under the Unemployment Insurance Act who are not contemplated ever to be out of work.

Mr. MCGREGOR: The point we are making is this. If you look at the table you will see that the salary is the guiding factor here. The people we are speaking about are those earning more than \$105 a week, roughly. Those are the ones who are rarely unemployed. We are gauging it on a salary basis.

Mr. MARTIN (*Essex East*): I have been saying all along that the present level of the fund is \$496 million. I believe I am wrong on that. What is it now?

Mr. MCGREGOR: \$496 million as of March 31, subject to correction.

Mr. MARTIN (*Essex East*): What was it as of yesterday?

Mr. MCGREGOR: I do not know. It was \$454,852,000 as of the end of April.

Mr. MARTIN (*Essex East*): The lowest it has ever been.

The CHAIRMAN: Shall clause 3 carry?

Clause 3 agreed to.

On clause 4.



Mr. STARR: Clause 4 is the same as clause 2. It substitutes the word "earnings" for "remuneration". It is a clarification.

Clause 4 agreed to.

The CHAIRMAN: On clause 5.

Mr. MARTIN (*Essex East*): Just a moment, Mr. Chairman. If you do not read these, we do.

The CHAIRMAN: We are on clause 5.

Mr. MARTIN (*Essex East*): We are on clause 4.

The CHAIRMAN: I said clause 4 was carried.

Mr. MARTIN (*Essex East*): Clause 4 is carried?

The CHAIRMAN: I said, "Is it carried?" and the majority said, "Yes".

Mr. MARTIN (*Essex East*): Steamrolling tactics will not make progress. You might as well realize it.

The CHAIRMAN: We are on clause 5.

Mr. MARTIN (*Essex East*): Clause 4.

Mr. BELL (*Saint John-Albert*): I think we passed clause 4, but if Mr. Martin has important matters to bring up we might go back to it.

Mr. STARR: Probably Mr. Martin did not hear me. I explained that clause 4 was the same as clause 2 where we are merely changing the wording.

The CHAIRMAN: Is clause 4 carried.

Clause 4 agreed to.

On clause 5.

Mr. STARR: This also is a clarification. It now includes under section c(ii) those engaged in business on their own account.

Mr. MARTIN (*Essex East*): Just a minute, now.

Mr. BENIDICKSON: Is this a new class?

Mr. MCGREGOR: No. Under the act as it stands at the moment we say "employed in employment that is not insurable." It is intended to cover persons who engage in business on their own account. They were considered to be in employment that is not insurable. It turns out that legally we should show it specifically as those engaged in business on their own account.

Mr. BENIDICKSON: What kind of a case have you had which bothered you?

Mr. MCGREGOR: The intent of this change is this. Supposing a person had been insured, say, for four or five years and then goes into employment for a year which is not insurable, then becomes unemployed and comes to us and makes a claim for benefit. The requirements are that he must have 30 contributions in the last two years, 8 of which must be in the last year. Obviously such a person in non-insured employment cannot meet those requirements. In this case, we will go back three years for the 30 contributions and two years for the 8 contributions.

Mr. BENIDICKSON: That is, the whole of the 8 could be in the second year?

Mr. MCGREGOR: Yes.

Mr. MARTIN (*Essex East*): Was that concurred in by the advisory committee?

Mr. MCGREGOR: I do not think so.

Mr. STARR: This is a clarification by the commission.

Mr. MARTIN (*Essex East*): I know. However, I am wondering if it was ever concurred in by the advisory committee. I know this bill was never referred to the advisory committee; but I am wondering whether or not the principle of this proposal was.

Mr. MCGREGOR: The point is, this was changed in 1955 when we changed the act. We thought the (i) covered those who were engaged in business on

their own account, but we found it does not specifically cover them and we thought we should now make it specific.

Mr. BENIDICKSON: Was it in 1955 that this formula of the 8 contributions in the last year was established ?

Mr. MCGREGOR: Yes; but the principle had been established in the previous act.

Mr. NOBLE: Would you elaborate on subclause (ii) in clause 5? Does this mean that a man in business for himself will be required to pay unemployment insurance?

Mr. MCGREGOR: No; it means the man who has been in insured employment and goes into business for himself, say for a year; then goes bankrupt and cannot carry on that business for some reason or other, and becomes unemployed, comes to us and claims for benefit. He must have 30 contributions in the last 2 years. He cannot have that, so we have extended it to 3 years. We extend it by the length of time he was in business for himself up to a maximum extension of 2 years.

Mr. MARTIN (*Essex East*): Was there any reason for not doing this earlier?

Mr. MCGREGOR: We thought it was covered by this (i) as it now stands. Actually, in the act before 1955 it was specifically spelled out as "being in business on his own account". It was thought it was wrapped up in the (i) "employed in employment that was not insurable".

Mr. MARTIN (*Essex East*): How was that tested?

Mr. MCGREGOR: It was simply a legal opinion which our legal advisors gave us. We thought we should split it and make it quite clear.

Clause 5 agreed to.

On clause 6.

Mr. STARR: This has to do with the increase in contributions.

Mr. MCMILLAN: May we have the explanation:

Mr. MCGREGOR: As the result of studies carried on during the past year, the Unemployment Insurance Commission and the Unemployment insurance advisory committee have recommended (a) that the schedule of contribution rates in section 37 of the act be extended so as to provide a more realistic benefit rate for employees in the upper earnings ranges, in view of the rise in wage levels, and (b) that measures be taken to provide additional revenue in order to keep the fund actuarially sound on the basis of the experience of the last five fiscal years.

The proposed amendment to the contribution schedule provides that the present highest class, as adjusted, will be limited to the range of earnings "\$57.00 and under \$63.00" and that two new classes will be added "\$63.00 and under \$69.00" and "\$69.00 and over".

The present schedule of contributions (and benefit rates) was introduced when the act was revised in 1955. These rates were based on the wages prevailing in 1954 and were designed to provide benefit equal to approximately 50 percent of previous earnings for a person with a dependant. To restore this ratio in the light of changes in wage levels in the past four years, it has become necessary to increase the maximum benefit rate. This, in turn, necessitates additional classes of contribution at the upper end of the present schedule.

It is estimated that the distribution of contributors by classes in each of the proposed wage ranges is as follows:

<i>Present</i>		<i>Proposed</i>	
Wage Range	Percentage of Contributors	Wage Range	Percentage of Contributors
\$ 9 — \$14.99	1.6	\$ 9 — \$14.99	1.6
15 — 20.99	2.9	15 — 20.99	2.0
21 — 26.99	5.1	21 — 26.99	5.1
27 — 32.99	7.5	27 — 32.99	7.5
33 — 38.99	8.4	33 — 38.99	8.4
39 — 44.99	9.3	39 — 44.99	9.3
45 — 50.00	10.9	45 — 50.99	10.9
51 — 56.99	13.6	51 — 56.99	13.6
57 and over	40.7	57 — 62.99	12.8
		63 — 68.99	8.9
		69 and over	19.0
	<hr/> 100.0		<hr/> 100.0

NOTES: (a) The employer pays a like amount.

(b) At present a .60 contribution is payable on earnings of any amount from \$57 upwards.

In considering changes that would produce more revenue the commission and the unemployment insurance advisory committee have had the benefit of studies made by the actuary in which he has estimated the average annual revenue and expenditure that can be expected, taking into account the experience of the five years 1953 to 1957.

After taking account of factors that have influenced the benefit load, such as changes in the provisions regarding seasonal benefit and the extension of unemployment insurance to fishermen, the actuary has estimated that the average annual benefit load will be about \$313 million and the average annual revenue (under the present provisions) about \$240 million, leaving a short-fall of \$73 million if interest on the fund is disregarded. It is expected that the addition of the two proposed higher contribution classes and the raising of the wage ceiling from \$4,800 to \$5,460 will produce some additional revenue, but to bring the revenue and expenditure into balance an increase is needed in the contributions.

The proposal incorporated in the revised schedule of contribution rates in clause 6 makes no change in the proportionate share of contributions paid by employers, employees and government, but increases the contributions throughout the schedule by an amount which it is estimated will make up the short-fall. The increased rate of contribution paid by employers and employees will, of course, be reflected in the amount paid by the government.



The present and proposed rates are as follows:

<i>Rates of Contribution by Employee (a)</i>			
Range of Weekly Earnings		Present Rates	Proposed Rates
Less than \$9 .....		.08	.10
\$ 9 and under \$15 .....		.16	.20
15 " " 21 .....		.24	.30
21 " " 27 .....		.30	.38
27 " " 33 .....		.36	.46
33 " " 39 .....		.42	.54
39 " " 45 .....		.48	.60
45 " " 51 .....		.52	.66
51 " " 57 .....		.56	.72
57 " " 63 .....		.60	.78
63 " " 69 .....		(.60) (b)	.86
69 and over .....		(.60)	.94

There is no change in the earnings range at the lower end of the scale. A half-weekly contribution is made for weekly earnings of less than \$9, except in the case of fishermen. The present rule will continue to apply to fishermen, namely that in any week in which a fisherman's net returns from a catch are less than \$9 he will not be credited with a contribution.

The actuary has estimated that, under the proposed scale of contributions and benefit, the addition of two new classes has the effect of increasing the total revenue by about 7 percent and the total benefit by about 3 percent, as compared with what the revenue and benefit would be under the proposed scale without the additional classes.

Mr. McMILLAN: Mr. Chairman, might I ask what the status of that fund is at the most recent date?

Mr. MCGREGOR: \$454,800,000 as at the end of April.

Mr. McMILLAN: Have they any more securities, or is the money all on loan from the government?

Mr. MCGREGOR: We now are borrowing it.

Mr. McMILLAN: From the government?

Mr. MCGREGOR: Yes.

Mr. McMILLAN: What is the rate of interest you pay?

Mr. MCGREGOR: Five per cent.

Mr. MARTIN (*Essex East*): You say you are borrowing now. The Minister of Finance told us that since May 7 there were further extensions of credit in the amount of \$17 million, I think it was, in addition to the \$55 million that had already been announced prior to May 7.

Mr. MCGREGOR: That is correct.

Mr. MARTIN (*Essex East*): And there is a balance of about \$7 or \$8 million which could still be loaned by the government pursuant to the authority given to it by the governor in council?

Mr. MCGREGOR: That is correct.

Mr. MARTIN (*Essex East*): You said a moment ago you were still borrowing. What do you mean by that?

Mr. MCGREGOR: We have borrowed up to the extent of \$72 million.

Mr. MARTIN (*Essex East*): Is that the first time that the Unemployment Insurance Commission ever borrowed money from the government?

Mr. MCGREGOR: Yes.

Mr. MARTIN (*Essex East*): That is the first time since the act came into being when it was necessary to borrow money from the government?

Mr. MCGREGOR: Yes.

Mr. McMILLAN: Is the outgo at the present time more than the intake?

Mr. MCGREGOR: Yes, the outgo is still higher than the intake.

Mr. BENIDICKSON: You are referring to April?

Mr. MCGREGOR: I am referring to the end of April.

Mr. BENIDICKSON: You are dealing with it on a monthly basis?

Mr. MCGREGOR: That is right.

Mr. McMILLAN: You do not know anything about May?

Mr. MCGREGOR: Not yet.

Mr. MARTIN (*Essex East*): You told Dr. McMillan, earlier in reply to a question by me, that the balance of the fund is now \$454 million. You also said that the Unemployment Insurance Commission has already borrowed close on to \$70 million for the first time. Why was it necessary for the Unemployment Insurance Commission to borrow money rather than to liquidate some of its existing securities?

Mr. MCGREGOR: It was less costly to the fund than to go on the market and liquidate its securities.

Mr. MARTIN (*Essex East*): You say it was less costly. I am not questioning your statement or the veracity of your statement because I know you are a very competent and worthy public servant. But are you sure that is the answer?

Mr. MCGREGOR: Yes sir.

Mr. MARTIN (*Essex East*): Are you a member of the investment committee?

Mr. MCGREGOR: No sir.

Mr. MARTIN (*Essex East*): Who are the members of the investment committee?

Mr. MCGREGOR: The governor of the Bank of Canada, a representative of the Department of Finance, and a representative of the Department of Labour.

Mr. MARTIN (*Essex East*): Do you know the circumstances under which they sold certain securities and converted and took part in the bond conversion scheme announced last year by the Minister of Finance?

Mr. MCGREGOR: No sir, I am not familiar with that.

Mr. BENIDICKSON: Who is the Department of Labour representative?

Hon. MICHAEL STARR (*Minister of Labour*): He is Mr. Gordon Cushing, the assistant deputy.

Mr. McMILLAN: Can you tell us what securities are held in this fund?

Mr. MCGREGOR: I do not have the list with me, but I can procure it.

Mr. McMILLAN: Are they government bonds?

Mr. MCGREGOR: Either government bonds or government guarantees. There are some Canadian National Railways.

Mr. MARTIN (*Essex East*): Yes, there are some Canadian National Railways, and I have questions on that.

Mr. McMILLAN: This \$454 million is the net amount in the fund after borrowings from the government?

Mr. MCGREGOR: No, that is the amount of securities in the fund. Some of them have been pledged against the loan.

Mr. McMILLAN: What is the actual net amount in that fund as at the end of April, or the latest date that you have?

Mr. MCGREGOR: I do not know that exactly, but I understand that at the end of April \$454 million would be the amount, subject to the amount of that loan. At the moment we have borrowed \$72 million, none of which has been paid back.

Mr. McMILLAN: That fund would be \$72 million below \$454 million?

Mr. MCGREGOR: Oh yes, subject of course to the sale of those bonds, if they were required to be sold.

Mr. BENDICKSON: When you refer to the figure of \$454 million, is that based simply on counting the dollars in and counting the dollars out over the years, or is it based on the par or market value of your holdings?

Mr. MCGREGOR: That would be the book value of the holdings.

Mr. McMILLAN: What is the book value—the current selling price?

Mr. MCGREGOR: No, the book value is what we have bought them at, amortized down.

Mr. CARON: If they were \$100 at the time of buying, they are still \$100 in your books, even though they go down to \$90 on the market?

Mr. MCGREGOR: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): Does this figure of \$454 million include interest on the securities?

Mr. MCGREGOR: Interest is brought in each month as a revenue figure.

Mr. MACLEAN (*Winnipeg North Centre*): It is added on?

Mr. MCGREGOR: Yes, this is the net result.

Mr. BELL (*Saint John-Albert*): You said a minute ago there was an investment in the conversion loan last year. From your knowledge, has it been customary in the past to invest in other previous new government issues?

Mr. MCGREGOR: I am afraid I cannot tell you. I do not know the particulars of the investment committee's transactions.

Mr. BELL (*Saint John-Albert*): You do not know whether it was a new departure to take these conversion bonds?

Mr. MCGREGOR: I would not say so; I do not know.

Mr. MARTIN (*Essex East*): Did you say it was a new departure?

Mr. BELL (*Saint John-Albert*): I think there might have been a suggestion that it was a new departure to invest in a new issue of government bonds.

Mr. MARTIN (*Essex East*): Oh no, this is the first scheme of its kind. Can you tell me, Mr. McGregor, the circumstances of the decision made by the investment committee to participate in this bond conversion scheme?

Mr. MCGREGOR: I am afraid not.

Mr. MARTIN (*Essex East*): Do you know whether or not the investment committee was given any alternative not to participate in the scheme?

Mr. MCGREGOR: I could not say.



Mr. MARTIN (*Essex East*): Do you know what the loss in the last fiscal year was as a result of the participation in this bond conversion scheme? Do you have the exact figure?

Mr. MCGREGOR: In 1958-59 the gross loss was \$13 million on the sale of securities; and there was a gross profit of \$3,246,000. So the net loss was \$10,115,000.

Mr. BENIDICKSON: What would be the record from the end of 1958 on tradings of this kind before you started to borrow?

Mr. MCGREGOR: These were the results of the fiscal year 1958-59.

Mr. BENIDICKSON: Oh, I thought it was for the calendar year.

Mr. McMILLAN: The value of the fund is now roughly \$382 million?

Mr. McDONALD (*Hamilton South*): The amount of the fund at the end of April, that \$72 million has been brought up to date, has it not?

Mr. McMILLAN: I am not clear as to whether or not the fund was \$382 million, and I got it by subtracting \$72 million from \$454 million. I do not know whether those are bonds at the face value or the book value.

Mr. MCGREGOR: If \$72 million was liquidated, it would bring more money into the fund.

Mr. McMILLAN: How much have you got in it?

Mr. MCGREGOR: The disposal of this \$72 million which has been pledged would bring some money into the fund. If those \$72 million are sold, it would liquidate the borrowings, and we would still have the money.

Mr. ARGUE: Have you the amount of the fund at various past dates?

Mr. MCGREGOR: Yes.

Mr. ARGUE: Can you give the committee a picture of the amount in the fund four or five years ago, and the changes?

Mr. BELL (*Saint John-Albert*): That is in your original statement, Mr. McGregor.

Mr. MCGREGOR: In 1955?

Mr. BELL (*Saint John-Albert*): It would save going all over it again.

Mr. STARR: It would only take a moment.

Mr. MCGREGOR: As of March 31, 1955, the fund stood at \$840,692,000 in round figures.

Mr. ARGUE: Do you have the figures for other dates during the year?

Mr. MCGREGOR: I could get them.

Mr. ARGUE: Could you give me the amount of money in the fund as of July 1, 1957?

Mr. MCGREGOR: On June 30, 1957, it was \$852,729,000.

Mr. CARON: Would you please repeat that?

Mr. MCGREGOR: I said at the end of June, 1957, the figure stood at \$852,729,000.

Mr. ARGUE: That figure is on the same basis?

Mr. MCGREGOR: Yes.

Mr. ARGUE: It is on the same basis as the \$454 million; so there has been a loss of almost \$400 million since that time?

Mr. BENIDICKSON: You have not taken off the \$72 million borrowings, which would make the difference.

Mr. STARR: Might I say a word: when the member for Assiniboia said it was a loss, it was not a loss; it was a depletion of the fund through payments to the unemployed of this country.

Mr. ARGUE: The depletion of the fund is more acceptable.

Mr. STARR: It is not a loss.

Mr. ARGUE: A loss to the fund or a depletion of the fund; since the minister has taken office, there has been a loss—I mean a depletion in the fund.

Mr. STARR: And the difference has been paid to the people of this country.

Mr. ARGUE: Because of widespread unemployment.

Mr. STARR: Because of the fact that they were unemployed.

Mr. MARTIN (*Essex East*): As to that level of \$454 million, I take it you do not agree with the advisory committee that it is at a perilous state?

Mr. MCGREGOR: I would say it was at a state where something has to be done to ensure that the income equals the outgo from this point on.

Mr. BENEDICKSON: It is anticipated that if this section were carried that it would actually do more than that?

Mr. MCGREGOR: No sir. It is intended to provide an income to meet the outgo, leaving the interest—whatever interest comes in—to replenish the fund.

Mr. MARTIN (*Essex East*): By raising the contributions of the workers and the employers, the main contributors, you would be able to render the fund a little less perilous. Are you aware that the investment committee—

Mr. BELL (*Saint John-Albert*): That is pretty weak, Mr. Martin; pretty weak.

Mr. MARTIN (*Essex East*): Mr. Chairman, I think it is quite improper for a member, as experienced as Mr. Bell, to make any comment about a witness.

The CHAIRMAN: You should observe that yourself when other people are talking, Mr. Martin.

Mr. MARTIN (*Essex East*): May I use you as a model of neutrality, and point out through you to the committee how serious it is for a member of the committee to make a comment about a question before the reply has been made?

The CHAIRMAN: Mr. Martin, all I said was that you were the worst offender in that respect in this committee at the present time.

Mr. MARTIN (*Essex East*): May I observe that you are a model, as far as I am concerned, of chairmanship of parliamentary committees.

The CHAIRMAN: Your buttering up does not bother me, Paul.

Mr. CARON: I would draw attention to the statement of the Prime Minister when he said that he did not belong to the school, or did not adhere to the suggestion, that beneficial discussions should not take place on every measure that comes before the house. If you read it and think about it, I think you would be less fractious.

The CHAIRMAN: We are under clause 6, let us proceed.

Mr. MARTIN (*Essex East*): Mr. McGregor, I asked you if you were familiar with the Canadian National Railways issue of \$300 million, maturing on February 1, 1981, at a price of \$97, and of the participation in the fund for the Unemployment Insurance Commission with regard to that issue.

Mr. MCGREGOR: No, I am not.

Mr. MARTIN (*Essex East*): It was in February. You were not familiar?

Mr. MCGREGOR: No, sir.

Mr. MARTIN (*Essex East*): Is there anyone from the commission with us who could give us particulars about the participation by the commission in that issue?

Mr. BISSON: I cannot.

Mr. MARTIN (*Essex East*): Would I be correct in suggesting that the only persons who could give us that information would be the members of the investment committee?

Mr. BISSON: Investments, of course, are handled by the investment committee.

Mr. MARTIN (*Essex East*): Yes. I would hope the chairman will observe that, because we must have that information. The chairman of the commission has now told us that the only one who can give us that information would be a member of the investment committee. It was for that reason I suggested earlier that we give consideration to the motion we ultimately will make that the governor of the Bank of Canada be called before this committee so that we can obtain from him all the particulars in respect of the investments of the Unemployment Insurance Commission.

Mr. McGregor, can you tell us anything more about the particulars of the participation by the commission in this conversion loan of a year ago?

Mr. MCGREGOR: No, sir.

Mr. MARTIN (*Essex East*): You cannot?

Mr. MCGREGOR: No, sir.

Mr. MARTIN (*Essex East*): Can you tell us anything about the purchase by the commission of the fifth victory loan maturing January 1, 1955, totalling \$41,535,000?

Mr. MCGREGOR: I have no knowledge of the investment committee's transactions.

Mr. MARTIN (*Essex East*): So if I were to ask you about the fifth, sixth, seventh, eighth and ninth victory loan investments of the commission you would not find it possible to give us that information?

Mr. MCGREGOR: No, sir.

Mr. MARTIN (*Essex East*): I do not think it is fair to press this witness any more.

Mr. BENIDICKSON: You were able to give us information in respect of the losses when the investments were sold. What is your relationship to the investment committee in that regard? You were not able to give us any information as to the purchasing, but once the investments have become the property of the commission then you are familiar with the results after that?

Mr. MCGREGOR: No, sir; that is not correct. The commission does not handle that. It is done entirely through the investment committee.

Mr. BENIDICKSON: But you have figures as to the actual losses when the securities were sold when the market for them was less than the book valuation?

Mr. MCGREGOR: We were notified of those sales.

Mr. McMILLAN: Would you again give us the total amount?

Mr. MCGREGOR: The net investment loss for 1958-1959?

Mr. McMILLAN: Yes.

Mr. MCGREGOR: \$10,115,171.51.

Mr. BENIDICKSON: The figures you have given us so far have dealt with the book valuation of these securities. Have you figures which you keep monthly as to market valuations of your portfolio?

Mr. MCGREGOR: No, sir.

Mr. BENIDICKSON: Who would have that information? Is that again the investment committee's bookkeeping?

Mr. MCGREGOR: It would have to be for a specific date. We could procure that from the treasury officer.

Mr. BENIDICKSON: Could you get for us a statement as to the latest date which would be convenient as to the market value of the holdings so that we could compare it with the book value which we have been discussing?

Mr. McMILLAN: The point is that if you had not bought these conversion bonds you would not have lost the \$10 million. Is that right?



Mr. MCGREGOR: Again there is a gross profit of \$3,245,923 during the year. There was a gross loss of \$13,361,094.82, leaving a net loss of \$10,115,171.51. I would say that the gross profit of \$3,245,000 came mainly from the conversion.

Mr. MARTIN (*Essex East*): If you had not converted and had maintained a liquid position—I do not mean you, personally—you would have had a windfall, a good profit, like others who had taken advantage of a sale, rather than participating in a conversion scheme?

Mr. MCGREGOR: I could not tell that.

Mr. MARTIN (*Essex East*): Do you know the market value of the fifth, sixth, seventh, eighth, and ninth bonds at the end of the conversion?

Mr. MCGREGOR: No, sir.

Mr. MARTIN (*Essex East*): I suggest to you that if the Unemployment Insurance Commission had been free to act, as is a private individual, that instead of having a loss of a gross of \$13 million or a net of \$10 million, they would have had a gross profit of \$13 million.

Mr. BELL (*Saint John-Albert*): Mr. Martin made a suggestion. I will also make one. He is speaking about what might have been done in the bond market. This is in the realm of fantasy. There probably would have been losses anyway. After the act is over, to suggest we might have done something else is to say that if I had had a ticket at Connaught park last week on a certain horse, I might have made some money.

An hon. MEMBER: Surely Mr. Fleming's bonds are not that bad.

Mr. MARTIN (*Essex East*): Mr. Bell's comment is a fair one. What we are seeking to do now is to see whether or not it is proper to impose further contributions on the working people of this country and the employers.

An hon. MEMBER: And the government.

Mr. MARTIN (*Essex East*): The government also to a much lesser extent. We are seeking to establish whether or not there was a mismanagement of this fund with a consequential depletion which might have been avoided if the investment committee under section 20 of the Unemployment Insurance Act had really been an agency free to make investment decisions. I think the dates of the particular participation in this conversion scheme are very important. I can show later that if they had not participated in this scheme and had taken advantage of the windfall that, instead of having a loss, the fund would have made a profit. It would not have been necessary to impose these additional burdens on the employees.

Mr. STARR: There have been previous instances where losses have occurred in the sale of bonds. In April, 1957, as an example, there was a loss of \$83,133.48.

Mr. MACLEAN (*Winnipeg North Centre*): Is that mismanagement?

Mr. STARR: In May, 1957, there was a loss of \$2,037,753.98 in the sale of bonds.

Mr. MARTIN (*Essex East*): The significant point the minister has overlooked and I now put the question to him—is that when these losses took place in 1957, as Mr. Argue just pointed out, the level of the fund was not in the perilous state it was when they participated in the bond conversion scheme.

Mr. STARR: That is still no reason to have losses.

Mr. MARTIN (*Essex East*): The reason why we are now examining these losses is because they contributed to the perilous state of the fund. In 1957 the fund was at \$852 million. When these participations took place the fund was down by another \$200 and some million. That is the reason.

I am suggesting that had the investment committee—which I hope we will have before us—been free to make investments which were not contrary to the declared policy of the present government, there would not have been these losses and depletions.

Mr. STARR: Mr. Chairman, at this moment may I say, in view of the last statement of the member for Essex East, that surely he is making that statement blind to any known policy of the investment committee.

Mr. MARTIN (*Essex East*): I know, it is clear from the investments which were made that the investment committee participated in the bond conversion scheme.

Mr. GRAFFTEY: Is it clear that they had no alternative?

Mr. MARTIN (*Essex East*): It is clear, because I am sure that with men like Mr. Coyne on the committee they would have taken advantage of the market, and the advantage of the market at the time was clearly to sell and take a windfall as the Canada Council did. The chairman of the Investment Committee of the Canada Council happens to be Mr. Graham Towers. At the very time the Canada Council was carrying on its policy of non-participation in the bond conversion scheme, this investment committee was participating in the bond conversion scheme with the substantial losses which ensued.

Mr. STARR: I beg your pardon. When the bonds were converted there was a net profit of \$3 million and some-odd.

Mr. MARTIN (*Essex East*): I know, but—

Mr. STARR: The statement made by the hon. member for Essex East is not correct. He claims that there was a loss because of participation in the conversion loan. I say there was a profit of over \$3 million in the participation in the conversion loan. It was at a later date, when the bonds were liquidated for the purpose of providing funds to the unemployment insurance fund that the losses were incurred.

Mr. MARTIN (*Essex East*): I think we can clearly establish this when we get Mr. Coyne here. I am glad the minister agrees we should have Mr. Coyne here. It will be possible then to establish what the real fact is.

Mr. McGregor, could you tell us anything about the liquidation of the \$17 million of the 4½ per cent conversion loan bonds in October, last?

Mr. MCGREGOR: I could not tell you anything about the investment transactions.

Mr. MARTIN (*Essex East*): Can you tell us anything about the liquidation?

Mr. McDONALD (*Hamilton South*): On a point of order; Mr. McGregor has told us he knows nothing about the investments of the Unemployment Insurance Commission, and Mr. Martin continues asking questions in this regard, which is merely stalling the work of this committee.

Mr. GRAFFTEY: My own personal view is that we should keep our eyes on the main issue at hand. We all know that by far the greatest reason for any depletion of the fund during the last month is because the present government has considered the lot of the men who are out of work. I think we are getting into an issue which is relevant, but which certainly is not the major important issue. I think everyone here knows that the reason the fund is depleted is because of the payments made to men who are out of work. That is the reason for the major depletion in the fund.

Mr. MARTIN (*Essex East*): Are you asking a question?

Mr. GRAFFTEY: I am putting the cards on the table for the sake of clearing this up once and for all. That is the reason. It is because the present government during the last few months has considered the lot of the men without work. Let us keep the record straight and stop this politicking in this committee.

Mr. MARTIN (*Essex East*): You ask a question and I will—

Mr. GRAFFTEY: I will frankly admit I made a statement. I did not ask a question.

Mr. McMILLAN: Is there any interest paid on money held as cash in the fund?

Mr. MCGREGOR: No.

Mr. McDONALD (*Hamilton South*): Mr. Chairman, since we have had a little misunderstanding about investments, I would like to move, seconded by Mr. MacInnis, that we call the investment committee before this committee on industrial relations.

Mr. MARTIN (*Essex East*): I second that motion.

The CHAIRMAN: It is already seconded.

Mr. GRAFFTEY: The investment committee?

Mr. McDONALD (*Hamilton South*): Yes.

Mr. GRAFFTEY: All three members?

Mr. MARTIN (*Essex East*): The three members. There are more than three members. There is the deputy minister of labour, the deputy minister of finance and the governor of the Bank of Canada.

The CHAIRMAN: The motion is in order. There will be three, if necessary. You have heard the motion. Are you ready for the question?

All in favour?

Motion agreed to.

Mr. MARTIN (*Essex East*): I wish to make another motion. In view of the fact that we have decided to call the members of the investment committee, by this same principle I move that we change our decision of a few days ago and that we call some members of the former advisory committee of the Unemployment Insurance Commission.

The CHAIRMAN: You know that is out of order before you move it.

Mr. MARTIN (*Essex East*): I move your ruling be challenged.

The CHAIRMAN: You challenged it once before.

Mr. MARTIN (*Essex East*): I challenge it again. You are saying that I do not have the right to urge that a former decision be revoked. You have ruled that such a motion is out of order. I now move that your ruling be challenged. You have no alternative but to put this motion to the meeting.

Mr. MACLEAN (*Winnipeg North Centre*): We have the motion to have the investment committee appear before us. This question of the advisory committee has already been decided once. Now he is attempting to use stalling procedure on this by moving a motion.

Mr. CARON: You will see by the standing orders in the house that we can move a motion to revoke a decision of the house. We go according to the rules of the house, especially the rules in respect of the work of committees in the house. If this is permissible in the house, it must be permissible here.

Mr. MACLEAN (*Winnipeg North Centre*): I did not say it was not permissible; I said this is another example of the way Mr. Martin has been behaving and, as a result, is stalling the procedural progress of this committee.

Mr. MARTIN (*Essex East*): I want the right to comment on what Mr. MacLean has just said. He is not going to make that observation and get away with it. I want to point out the absurd position in which we find ourselves. A government member has moved, and I am happy that he has done so, that we call the members of the investment committee. That motion was allowed by you, Mr. Chairman, without any challenge and was unanimously supported. That motion in principle is contrary to the decision that this committee, by a foolish majority, took a few days ago when we were



denied a motion calling for the members of the advisory committee of the unemployment insurance commission. In principle, it is a variance.

I agree that the members of the investment committee should be called to discuss these investments, but surely it is unfair to suggest that the members of the advisory committee of the unemployment insurance commission should not be called, simply because they made recommendations against government policy. Is that the reason?

Mr. MACLEAN (*Winnipeg North Centre*): No one is suggesting that. It is a matter for the committee to decide.

On clause 6.

The CHAIRMAN: I have ruled it out of order.

Mr. CARON: There is a motion before you and you cannot rule it out of order.

The CHAIRMAN: The motion is out of order and it has been disposed of.

Mr. CARON: You have not any right to say the motion is out of order.

The CHAIRMAN: Sit down.

Mr. CARON: I will not sit down, because I have my rights. All you can say will not keep me from saying what I want to say, because we have the right to challenge the ruling and we are going to do so.

Mr. MACLEAN (*Winnipeg North Centre*): Petty politics.

Mr. CARON: I think this is the worst act of a chairman of a committee that has sat since government existed in Canada, and the reason why the chairman does that is because he does not know anything about the rules of the house.

Mr. MACLEAN (*Winnipeg North Centre*): How much of an authority on them are you?

Mr. CARON: I am more an authority than you are. We are challenging your ruling, Mr. Chairman; put it to a vote. There is no discussion on the matter.

Mr. MACINNIS: This is happening almost every day in this committee, Mr. Chairman. Mr. Martin's motion that former members of any board be called here is definitely out of order. Any man who serves on a board in the interests of labour should not be called upon in committee.

Mr. MARTIN (*Essex East*): That is a very unfair statement.

Mr. MACINNIS: I made that statement when one of the members was present and I will repeat it right across this country.

The CHAIRMAN: I made the ruling on the basis that the information could be supplied by the officials of the unemployment insurance commission. In this case they cannot supply it and, therefore, we are entitled to have the investment committee here. However, Mr. Martin, the information which you wish from the advisory committee cannot be supplied through this committee.

Mr. Martin, you cannot bluff me on this kind of thing. Once you put the motion and once it is disposed of it cannot be reintroduced. You can take it to the house if you want to. You can go as far as you like.

Mr. MARTIN (*Essex East*): Mr. Chairman, may I ask you to enjoy a period of calm that will permit wise reflection on your part. Are you serious when you suggested it is not possible to challenge your ruling by way of a motion?

Mr. BELL (*Saint John-Albert*): I would like to say this.

Mr. MARTIN (*Essex East*): May I ask the chairman this question without the advice of counsel? Could you answer me, Mr. Chairman?

The CHAIRMAN: I told you the motion is out of order and I will not accept it. You are challenging my ruling?

Mr. MARTIN (*Essex East*): Yes.

The CHAIRMAN: I said the motion is out of order. Is the ruling of the chair to be sustained? All those in favour? Contrary?

(Chairman's ruling sustained).

Mr. CARON: Steamrolling again.

Mr. MARTIN (*Essex East*): It is rather difficult to hear in here. Did I understand, Mr. Chairman, that you said I might ask questions about the advisory committee of officials of the commission? Did I understand your ruling meant that if they cannot answer the questions, then we may call the members of the advisory committee?

The CHAIRMAN: I did not say any such thing.

Mr. MACINNIS: This is the principle upon which we have decided to call members of the investment committee.

The CHAIRMAN: I have given my reasons. We are on clause 6, let us proceed.

Mr. MARTIN (*Essex East*): I have not understood your ruling.

The CHAIRMAN: I can understand that you do not understand it, Mr. Martin.

Mr. BENIDICKSON: In reverting back to this matter of loans you mentioned that certain securities of the commission were pledged in connection with loans. You said the rate of interest was 5 per cent and so on. What was the book value of the securities that were pledged in connection with the loans? You told me you cannot give the market values.

Mr. MCGREGOR: I think I have figures here for the first \$50 million that were pledged for the first \$45 million loaned. These are the loans up until the end of April. The securities pledged were government of Canada 4½ per cent bonds maturity in 1972.

Mr. BENIDICKSON: \$45 million loaned.

Mr. MCGREGOR: Yes.

Mr. BENIDICKSON: Is that the only one you have records for at the moment?

Mr. MCGREGOR: Yes.

Mr. BENIDICKSON: Can you supply data in respect of the subsequent loan?

Mr. MCGREGOR: Yes.

Mr. CARON: Can you tell me what that increase in rates will bring in in a year? By what amount will that increase the contributions?

Mr. MCGREGOR: It would bring an increase of \$78 million.

Mr. CARON: Will this amount be helping to replenish the fund or will it just cover the possible loss in the year?

Mr. MCGREGOR: The intent is that it will bring the income up to equal the outgo, based on the experience of the last five years.

Mr. CARON: If the unemployment situation is almost as severe as it was this year, will that be sufficient? Was this not calculated by taking into account the fact that unemployment will diminish in a bigger way.

Mr. MCGREGOR: It was based on the experience of the last five years. The actuary is here and he could explain this better than I could.

Mr. R. HUMPHRYS (*Assistant Superintendent, Insurance Department*): The calculations were based upon the experience of the five-year period ending on March 31, 1958. The unemployment experienced in the year 1958-59 was somewhat higher than that average.

Mr. CARON: There were three years which were fairly good and two years which were very bad in the last five years. There were three years of ordinary unemployment and two years of excessive unemployment.

Mr. HUMPHRYS: In the five-year period there were three good years. There was quite a lot of unemployment in 1954-55 and the year 1957-58 was heavier again.

Mr. CARON: What would happen if the unemployment situation remained about the same? To what amount would the fund be deflated?

Mr. HUMPHRYS: If the experience of the five years ended March 31, 1958 is about normal, the proposed contributions can be expected to cover the benefits over some period of years. However, the fund would rise and fall in accordance with the swing of unemployment around that normal. Now, how far it will swing, I do not know, but judging from the experience of the past two or three years it might well swing to the extent of \$200 million or \$300 million on either side.

Mr. BENIDICKSON: I take it, Mr. Humphrys, that your five-year calculation does not include the bad winter of 1958-59; is that correct?

Mr. HUMPHRYS: That is right.

Mr. BENIDICKSON: Therefore, that is excluded from your five years so that rather than two years of very severe unemployment, in connection with your calculations, there was only one as against four reasonably good years.

Mr. HUMPHRYS: I suppose it is a matter of what you consider as a proper definition of "severe". The year 1954-55 was higher than the average of the five years, as was 1957-58; the other three years were below the average.

Mr. MARTIN (*Essex East*): What is the expected additional revenue from the addition of the two new classes; would I be wrong in saying it would be around \$15 million or \$17 million?

Mr. HUMPHRYS: About \$17 million.

Mr. MARTIN (*Essex East*): What would be the additional revenue derived from the raising of the income ceiling from \$4,800 to \$5,460?

Mr. HUMPHRYS: In connection with the net gain to the fund from that change, I have used a figure of three-quarters of one per cent, which comes to about \$2 million.

Mr. MARTIN (*Essex East*): \$2 million or \$3 million?

Mr. HUMPHRYS: Yes. This is the net gain.

Mr. MARTIN (*Essex East*): What will be the additional revenue derived by the general increase of about 30 per cent in the level of contributions?

Mr. HUMPHRYS: Assuming that the proposed amendments are made in respect to the new classes, the increase in the ceilings, and the raising of the general level of contributions, it would bring in a revenue of about \$78 million a year.

Mr. MARTIN (*Essex East*): Now, of the last amount, what will the government's contribution be?

Mr. HUMPHRYS: The government's contribution would be one-sixth of that.

Mr. MARTIN (*Essex East*): Around \$16 million. Well then, am I right, therefore from these responses that you have given, that with a total increase in contributions of around \$78 million, of which the government will pay about \$16 million and the employees and employers \$25 million more annually, that there will be a little more than \$20 million in additional benefits? Is that correct?

Mr. HUMPHRYS: I have estimated the total increase in contributions to be about \$97 million altogether.

Mr. MARTIN (*Essex East*): \$97 million?



Mr. HUMPHRYS: Yes, and one-sixth of that would be the government's share.

Mr. MARTIN (*Essex East*): And the total benefits would be about \$20 million?

Mr. HUMPHRYS: With the addition of new classes, increase in duration and the increase in allowable earnings, the total increase in the benefits would be about \$24 million a year.

Mr. MARTIN (*Essex East*): So, for that limited amount of benefits, the employees and employers are being imposed upon to the extent of 30 per cent additional contributions and in some cases as high as 50 per cent; is that correct?

Mr. HUMPHRYS: I am not sure that I should say that they are being imposed upon.

Mr. MARTIN (*Essex East*): They have this additional tax on them for this limited benefit, you say, of \$24 million? committee operations?

Mr. HUMPHRYS: I would have made that estimate.

Mr. MARTIN (*Essex East*): You are not familiar with the investment committee operations?

Mr. HUMPHRYS: No.

Mr. BROWNE (*Vancouver-Kingsway*): Did I understand you to say the government contribution was one-sixth? I was under the impression it was one-fifth.

Mr. HUMPHRYS: The government contribution is one-fifth of the total contributions made by employees and employers, so that when you take the total contribution of everybody combined, the government share is one-sixth.

Mr. STARR: Plus administrative costs of \$35 million a year.

Mr. MARTIN (*Essex East*): What is the increase in the benefits derived from the addition of the two new classes of benefits?

Mr. HUMPHRYS: \$9,400,000 is my estimate of this.

Mr. MARTIN (*Essex East*): And what is the estimate of additional benefits to be provided by the extension of the benefit period from 30 to 52 weeks?

Mr. HUMPHRYS: I have estimated this at \$11 million.

Mr. MARTIN (*Essex East*): And what is the estimate of new benefits which may result from higher allowable earnings?

Mr. HUMPHRYS: I have estimated this at \$3,100,000.

Mr. MARTIN (*Essex East*): Do you know of any other benefits that are provided for in the bill and, if so, what do they amount to in dollar value?

Mr. HUMPHRYS: Well, there are some changes in the bill that will make minor differences, but they are so small I have not attempted to arrive at any estimate.

Mr. BEECH: I understood Mr. Martin to suggest that the reason the increases are being made is to cover these additional benefits. Is it not true that all we are doing is increasing the premiums to offset the loss due to a bad loss experienced, the same as in any other insurance business?

Mr. STARR: If I may make a comment, the actuary recommended that without any amendment in order to put the fund, based on experience of the last five years, on an equal basis, that it would be necessary to increase the rates by some 20 per cent, and with the addition of these amendments it was necessary to increase it another 10 per cent; is that correct?

Mr. HUMPHRYS: Yes.

Mr. CARON: At the time it was 20-20-20.

Mr. STARR: No. The increase of contributions was approximately 20 per cent.

Mr. HUMPHRYS: Last year when I made this calculation I thought that without any changes whatever, and having in mind the size of the fund at the end of the fiscal year 1957-58 we should look at least for a 25 per cent increase. If amendments were made, to add the additional classes and raise the ceiling, I thought at that time a 20 per cent increase would be sufficient. But even if the contribution was increased either 20 or 25 per cent, there still would not have enough to cover my estimate of the annual benefit load. I still had to rely on interest earned on the fund to make ends meet.

Since that time the fund has decreased further, and I think it is undesirable to rely on the interest earnings of the fund to make the contributions balance the revenues. So I think a 30 per cent increase is the least to be considered under the present circumstances.

Mr. CARON: When you recommended the first 20 per cent increase, there was an increase of 20 per cent for the three parties, the employee, the employer and the government?

Mr. HUMPHRYS: Yes.

Mr. CARON: Twenty per cent was for each party?

Mr. HUMPHRYS: Yes.

Mr. CARON: And now the increase is only to be put on the employee and the employer.

Mr. HUMPHRYS: No, it is a thirty per cent increase in the whole contributions.

Mr. STARR: Including the government.

Mr. HUMPHRYS: So the three parties will each bear 30 per cent.

Mr. STARR: Last year the government paid some \$37 million into the fund excluding the cost of administration; and under this amendment, they will pay \$56 million plus the administration.

Mr. MARTIN (*Essex East*): The minister is right in saying that there is not only an increase in the cost for the employees and the employers, but also on the part of the government. The minister will also agree that what this bill does is not to follow the unanimous recommendation of the advisory committee which urged that the government's contribution be increased to one half of the total contributions of the employers and the employees. That is correct.

Mr. STARR: May I say in answer that what the hon. member for Essex East is trying to say is that the government should pay a larger share.

Mr. MARTIN (*Essex East*): No. I am simply saying that it is the principle, as the minister has said, that the government's contribution is increased by this bill, but it is not increased to the extent that was unanimously recommended by the advisory committee who recommended in July, 1958 that the government's contribution should be increased so that its share would be one half of the total value of the contributions paid by the employers and employees.

As a matter of fact that is to be found at page six of the report of the unemployment insurance advisory committee for the year ending March 31, 1958, which was tabled by the minister in the house.

At page six, paragraph 32, the following appears:

The committee respectfully recommends that the division of responsibility for revenue to the fund as between employers, employees and government be adjusted so that the contribution from each be

made equal; in other words, that the contribution from the government be made equal to one-half that of the combined contributions from employers and employees.

That is a correct statement and I am sure Mr. Bisson, the chairman, will confirm it.

Mr. STARR: May I say in answer to what the hon. member said: I presume, by making that statement, he agrees, or he intimates, that the government's share should be increased.

Mr. MARTIN (*Essex East*): Yes, I think the minister is right, and may I give my reason: it is not the fault of the workers or the employers that this fund has been depleted, therefore it is not fair to them to burden them with this impost on the fund.

Mr. STARR: If I may continue in answer to the last observations of the hon. member I must say that the beneficiaries of this fund have been the labor people of this country who are in the insurable class in this insurance fund; and when the hon. member for Essex East says that the government should increase its share, in effect he is advocating taxation of the soya bean growers of this country and of the grain growers of this country and of many other people of this country who are not covered by this Unemployment Insurance Act.

Mr. MARTIN (*Essex East*): There is no doubt about that. I am not denying it. What I am saying is—and I am supporting the labour groups of this country and the employer groups, when I say it is not fair to impose on those two groups who have to make the main contributions to this fund, the responsibility of providing the wherewithal to help people who have run out of their unemployment insurance benefits. That is what I am saying.

It is a responsibility which belongs to all of us. So why put the taxation on the workers of this country Why put it on the men working in the Ford plant or in the Canadian National Railways shops in Winnipeg?

Mr. STARR: I think we can discuss this matter rationally. It is a well known fact that those who participate in certain funds are those who are taxed for it. We have had instances in the past two years where this was covered under the P.S.I., the Physicians Services Incorporated, where they had their rates increased, and the only people who were taxed for that increase were those who were participating. The Blue Cross rates have been increased to meet the cost of the outgo, and only those people who participated under that scheme were required to pay for it. It would be most unfair if we—and might I say that I did not disturb the hon. member when he was speaking. I can now see why this committee is always in an uproar, if the hon. member does not permit anyone to make a statement.

You can readily see how unfair it would be to tax the people of this country to supplement a fund in which they did not participate. Take for example the soya bean growers for whom the hon. member for Essex East claims to be a spokesman. He is advocating that they be taxed in order to supplement or aid those who participate in this fund in which they do not participate.

Take, for example, the grain growers of this country in the western provinces. They would be subject to the same taxation to supplement the fund, but they do not participate in this fund; and so with many other segments of our economy. Does the hon. member think that it is a fair way of doing it, or of raising these contributions?

The CHAIRMAN: Please let Mr. Starr finish his statement.

Mr. STARR: I think the hon. member is straining at the leash. So let him have the floor.



Mr. MARTIN (*Essex East*): My enthusiasm as a champion of the worker here is such that possibly I become too enthusiastic about it. I know the minister will pardon me.

Mr. STARR: You are no more enthusiastic about it than I am.

Mr. MACINNIS: Every now and then he has to go outside to get more ammunition with which to speak on behalf of labour.

Mr. CARON: Who is interrupting now?

The CHAIRMAN: Please sit down, Mr. Caron.

Mr. CARON: You cannot do anything.

The CHAIRMAN: Mr. MacInnis has interrupted but he was not the only one. No one can interrupt except your party, or it is not official.

Mr. MARTIN (*Essex East*): The minister has stated the position correctly. He said: do I think it is fair that the Canadian people in general should bear the responsibility, or should it be imposed upon the employers and employees of this country? I have no hesitation in answering that.

As the Canadian Manufacturers Association said, as the Canadian Congress of Labour said, as the boards of trade said, and as the chamber of commerce said, this was a responsibility that should not be imposed upon two segments of the population.

Now, as the minister knows, we have an act which he amended. I mean the Public Assistance Act.

Mr. STARR: And for which you voted.

Mr. MARTIN (*Essex East*): That is right, and quite properly so. I support it; and what I urge now is that this act should be treated as we treat public assistance. When these people run out of their unemployment insurance benefits, when they are faced with heavy unemployment, to say that we should impose on the employees of this country and on the employers of this country and not on all the other people, the responsibility of providing for public assistance, to me is an unbelievable statement to come from the Minister of Labour.

I was challenged that I agreed with the soya bean growers, and I have no hesitation in saying that the responsibility of looking after people who had run out of their unemployment insurance benefits does not rest on two segments of the population. It rests in justice on all the population. That is what I said, and if it is proper to impose the obligation of the Public Assistance Act on all the people of Canada, by the same argument it is fair to impose that obligation in respect to those who have run out of their unemployment insurance benefits—to impose it on the whole population.

This position was taken by Mr. Burt, Mr. Andras and Mr. Marchand in their telegram which appears in the report tabled in answer to the persistent questioning of the opposition in the House of Commons, by the minister, a few weeks ago. I also noticed that they asked for some comment, and they said at the end of the telegram that they felt that the committee should withhold comments until the minister has notified it of intentions regarding recommendations contained in our report dated July 18.

I simply say the same, because that is what was said by all the bodies which have appeared before this committee.

Mr. MUIR (*Cape Breton North and Victoria*): And Joey Smallwood.

Mr. MARTIN (*Essex East*): I have pointed out how unfair it is to impose on these two groups this responsibility. I am told that the Minister of Labour himself, speaking in 1955 in the house, made an observation of this kind. I have not seen it and I want to check it myself. The minister and I are at one. He has stated the issue clearly. He stated what I believe should be

done. I can simply say to him that I do not know how he can justify, in view of the amendments he made to the Public Assistance Act, how he can possibly insist on imposing this full burden on the workers of this country.

Mr. STARR: The hon. member surely knows in his own mind—and he should speak the way his mind dictates—the fact that these are two entirely different acts. One is an unemployment insurance act, while the other is a welfare or public assistance act. They are two distinct types of acts altogether. The Unemployment Insurance Act is based on unemployment insurance principles; and when you say that this act is a public assistance act, it is entirely wrong.

Simply because there are seasonal benefits, it might lead the hon. member to put it in that category. But may I remind him that it was he and his government which introduced this; it was he who piloted the bill through for seasonal benefits back in 1950.

Mr. MARTIN (*Essex East*): And it was the same government which replenished the fund.

Mr. STARR: That government to which he refers replenished the fund to the extent of \$1,800,000 only and not to the full amount of the depletion of the fund. I did not interrupt the hon. member when he was speaking.

Mr. MARTIN (*Essex East*): You are quite right, I am sorry.

Mr. STARR: When we introduced further extension of seasonal benefits, the hon. member along with all members in the house agreed with that amendment, and they voted unanimously for it, and that was the result.

Naturally everyone knew at the time that the result of this amendment for the extension of seasonal benefits to the extent of two months would have a tendency in a period of unemployment, during the winter especially, further to deplete the fund; but this certainly did not put the unemployment insurance fund in the category of unemployment assistance.

Mr. BELL (*Saint John-Albert*): Mr. Chairman, may I put this on the record: Mr. Martin mentioned all the various organizations which presented briefs and that they said we should get this additional necessary revenue from the public funds. I do not remember that they suggested any such thing. I refer to it specifically, because I think it is very important. I think it is another example of confused Martin statistics. The Canadian Labour Congress, when questioned before this committee distinctly said, and the Canadian Chamber of Commerce definitely said, that they did not think we should go to the public funds for this revenue.

The CHAIRMAN: Mr. Browne has been trying to get the floor.

Mr. CARON: On a point of order, Mr. Chairman: if the hon. member for Saint John-Albert says he has not been able to find anything in the briefs, he should read the other reports of the committee. That will answer his question.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, in his remarks Mr. Martin has perpetually referred to what he said, that the whole burden was being placed on the workers and on the employers. That was gone over time and time again.

The government makes a contribution of around \$36 million to the fund directly, and another \$39 million for the administration of it. That certainly is not placing a burden entirely on the employers or the employees. When he suggests that people covered under the Unemployment Insurance Act should be placed under some form of relief, I am opposed to such a suggestion.

People have been under this act for some time and it has worked satisfactorily. I think our purpose is to put it in a position where the employers

and workers of this country can benefit under it. It seems incredible to me that we should talk now of going back to the same system of relief with means tests and all the other things we have had through the years.

I hope that the thinking of the people in this country is a little more progressive than that and that they would like to see the people, as of right, are covered under this fund—all the working people of this country—and will be able to draw as of right under this fund when they are unemployed.

Mr. ARGUE: The minister addressed the general question to the members of the committee about the soya bean growers, the grain growers and other Canadians generally, having to pay taxes in order to provide benefits to certain people who now may be obtaining benefits under this act.

As far as I am concerned, the Unemployment Insurance Act was placed in the statute books not to protect the federal treasury in a time of an unemployment crisis. There is one reason, and one reason only, why this fund is in difficulty today. That is because of the failure of this government, since it took office on June 21, 1957, to live up to its commitments to provide a full employment economy. If that had been done we would not be here this morning discussing how we can recover moneys from this fund.

The government should not be asking a portion of the labour people, who are covered under this act, to pay large sums of money into the fund, to pay by way of special and other benefits to other people who are covered under this act moneys which should be the responsibility of the government and retroactive.

The position I take is this. Because of widespread unemployment, the payments that are necessary because of an unemployment crisis, should be paid out of the national treasury. If the minister likes it this way, I have no objection that the payments out of the national treasury should be paid into the unemployment insurance fund. I am not at all fearful of what the attitude of the general public of this country will be.

As far as I am concerned, progressive people in this country in all walks of life decided long ago that, when large sections of this country face a crisis because of failure in government policy, it is up to the government, acting for all the people of Canada, to come to their rescue, just the same as the taxpayers of Canada should now come to the rescue of these people who are adversely affected so that benefit would come to the grain and soya bean growers, or anybody else who is suffering because of government policy. There is only one answer for this government. That is to get this country out of the present unemployment crisis. That will put the fund back where it belongs. They should stop trying to slough off the government's responsibility on to the workers and employers in this country.

Mr. BEECH: If it was in that happy state we would not need the unemployment insurance fund.

Mr. STARR: I feel strongly that those who participate in the fund should be the ones who should have this added increase. The government takes its share in the same ratio as they have been in the past and the fund was set up for that purpose.

There has been quite a bit of discussion here in respect of the advisory committee, what has been done in the past and what the government should do in respect of any deficits. Let me remind the hon. member for Essex East—and I think he will agree with me—that he was the acting minister of labour when he piloted the seasonal benefits through the house, and at that time there was no consultation with the advisory committee, and there was no dipping into the pocket of the federal treasury.

Mr. MARTIN (*Essex East*): I had—

Mr. STARR: Let me carry on.



Mr. MARTIN (*Essex East*): On a point of order; there was consultation with the advisory committee. There is no parallel. The fund was not in a perilous state.

The CHAIRMAN: Mr. Starr has the floor.

Mr. STARR: I just checked my statement and the Unemployment Insurance Commission officials advise me there was no consultation with the advisory committee. Also, instead of dipping into the treasury for the increased costs of the seasonal benefits, the minister piloted an amendment through to increase the contributions by 15 per cent.

Mr. MARTIN (*Essex East*): That is right.

Mr. STARR: And on the same ratio as in existence now, that is, the 5/12 by the employer, 5/12 by the employee and 2/12 by the government.

Mr. MARTIN (*Essex East*): Are you—

The CHAIRMAN: Let the minister finish. He never interrupted you.

Mr. MARTIN (*Essex East*): Mr. Chairman, you are going to have apoplexy.

The CHAIRMAN: I wish you would get it too.

Mr. MACINNIS: I have a suggestion to make to this committee. The conduct of this committee is not what it might be. I do not confess to be an authority on house rules, nor house committee rules. I have had, however, quite a bit of experience with labour meetings. I would respectfully suggest to the chair that some of the rules followed at labour meetings could be followed to advantage here. That is that on any one question no member of this committee should be given the opportunity to speak two, three, four or five times while there are other members of the committee who have not even spoken once. I think we should follow that type of procedure whereby every member of this committee will have an opportunity to speak on every question. No one person should be given an opportunity to speak several times while somebody else is denied the privilege of speaking once. I think that would be a good procedure for this committee to follow. I am not an authority on parliamentary procedure, but this is something which has been adopted at labour meetings and I think we would be well advised to follow that procedure here.

Further, if Mr. Argue had been in attendance at some of the other meetings he may not have made some of the statements he has made.

Mr. ARGUE: In view of some of the reports in the press and the comments of the hon. member, I should make it clear that I was not a member of this committee until the day before yesterday. There was another member of the C.C.F. group who was a member of this committee. Therefore, any reference to my not being here before yesterday is completely irrelevant.

Mr. MACINNIS: The member has pointed out to the committee that he was not a member before yesterday—and I apologize—but he was absent yesterday while a member, and late again today.

Mr. ARGUE: You are still as stupid today as yesterday.

Mr. CARON: On a point of order; is it suggested that a member should only speak once on a matter?

Mr. MACINNIS: No. I suggested that while any other member wishes to express an opinion, until he has an opportunity to express that opinion, no other member should take the floor for a second time.

Mr. ARGUE: I do not know, Mr. Chairman, what you have in mind as far as adjournment is concerned. My party, however, has a caucus every Wednesday morning at eleven o'clock.

Mr. McDONALD (*Hamilton South*): I think this is a very important matter and I am quite willing to sit through to one o'clock or one-thirty. I might

point out that our caucus was at nine o'clock this morning. We gave up the privilege of being at our caucus. I think it is only right that a bill as important as this is be given every consideration.

The CHAIRMAN: Does clause 6 carry?

Some hon. MEMBERS: No, no.

Mr. STARR: May I make a plea to the committee as the minister charged with this bill. I would ask the committee to consider sitting for at least another hour. I would like to make my position very clear. Delays, or extension of time on this, deprive these people of these benefits. I am just as busy as anyone else and yet I feel that this bill is important enough, or more important than anything else with which I am charged at the moment.

Mr. MARTIN (*Essex East*): I understand the minister's point of view. I assure him we want to assist him all we can. This is our day for caucus at eleven o'clock.

Mr. STARR: I did not go to my caucus.

Mr. McDONALD (*Hamilton South*): We feel this committee is more important than a political caucus.

Mr. BROWNE (*Vancouver-Kingsway*): I move at this time that the committee continue to sit until one o'clock.

Mr. BELL (*Saint John-Albert*): In seconding that, I would like to say that on two or three previous occasions we have discussed here the matter of sitting when the house is sitting and we decided we would wait to see if we could facilitate our business. This morning we have had the same example of one man hogging the whole show. I think we have to settle down now and consider this as sensibly as we can so as not to delay this measure which means so much to the people of this country.

The CHAIRMAN: There is a motion

Mr. MARTIN (*Essex East*): You allowed Mr. Bell to speak.

The CHAIRMAN: It is moved by Mr. Browne, seconded by Mr. Bell, that this committee do sit until one o'clock. You have heard the motion. Are you ready for the question?

Mr. McMILLAN: There is time available for other meetings. We know what is coming up in the house and this bill cannot get to the house this week. Could we not meet tomorrow?

Mr. SMITH (*Winnipeg North*): Yesterday it was suggested that we leave this for another day and see how we progressed. It is pretty evident this morning that we are running into a day by day dodge—leave it to another day. We have been avoiding sitting when the house is sitting in order to accommodate the C.C.F. and Liberal members. If we do not get on with this we will be here at Christmas.

Mr. ARGUE: Would the minister be prepared to put forward his own suggestion that we sit to twelve o'clock? I would be prepared to move an amendment to the general motion that the time one o'clock be changed to twelve o'clock.

Mr. STARR: Mr. Chairman, I suggested that the committee might sit for at least another hour. Yesterday it was the same story; we sat for an hour and a half and then everybody had to go some place else. Surely this will happen every day. As a matter of fact, the house sits at eleven o'clock in the morning on Friday and there will not be an opportunity for us to sit. Also, next Wednesday we will be having the changes, as proposed by the Prime Minister, for house sittings. What will your position be then?

Mr. ARGUE: I would like to move that the word "one o'clock" in the motion be changed to "twelve o'clock" in keeping with the suggestion of the minister. I think if we agree on this it will assist all of us.

The CHAIRMAN: It is moved and seconded that one o'clock be changed to twelve o'clock.

Mr. BROWNE (*Vancouver-Kingsway*): May I speak on this amendment. The other day we offered to sit through lunch time in order to accommodate one of the labour organizations which was here and the Liberal members would not stay at that time. Every time the issue has come up they have complained that they do not want to sit while the house is sitting. We have gone to every length. It seems it is up to them to do a little cooperating for a change. I simply want to say that we should sit until one o'clock.

Mr. BELL (*Saint John-Albert*): I do not want to appear to be acting as a conciliator here. However, Mr. Browne, would you consider holding your original motion over and we could continue until twelve o'clock and then after twelve o'clock we can consider how much progress we have made.

If we consider there has been reasonably good progress, then we could stop at twelve o'clock and, if not, we could continue on to one o'clock.

The CHAIRMAN: Is there leave to withdraw the motion?

Mr. STARR: Leave it in abeyance.

On clause 6.

The CHAIRMAN: Shall clause 6 carry?

Some hon. MEMBERS: No, no.

Mr. MARTIN (*Essex East*): We have had the motion that the investment committee be called. You cannot pass clause 6 until we have had the investment committee. This is the relevant section.

Mr. MACLEAN (*Winnipeg North Centre*): With all due deference—I am not an authority on the rules—I believe you can discuss anything at all in the bill when the title comes up.

Mr. ARGUE: Mr. MacLean's point, I suggest, is not at all well taken. If a discussion of the pertinent clauses of the bill means anything, surely we will have an opportunity to have all the evidence in before we propose to pass on the clauses. Once we have passed everything but the title, my question would be: why waste the time of further witnesses?

The CHAIRMAN: We shall stand clause 6 and proceed now with clause 7. On clause 7—"Wages defined".

Mr. MARTIN (*Essex East*): That is all.

Mr. McDONALD (*Hamilton South*): Could we have a short explanation?

Mr. STARR: Clause 7 is the same as clause 2, where we put in the word "earnings" instead of "remuneration".

Clause 7 agreed to.

On clause 8—Separate from estate in bankruptcy, etc.

Mr. STARR: Clause 8 will be deleted. I propose to move an amendment in the house when we are in the committee stage on the bill.

Mr. MARTIN (*Essex East*): That is good. Could the minister tell us the reason?

Mr. STARR: There are some further considerations to be given to this clause and we are not prepared at this time to put it in as an amendment.

The CHAIRMAN: It is suggested by the minister that this be deleted at the present time.

Mr. STARR: No; leave it until we go into the house committee when I shall move an amendment.

Mr. MACLEAN (*Winnipeg North Centre*): We have an undertaking from the minister that that will be done.



Mr. CARON: The amendment will come in the house, not in the committee, so it will not be studied at all in this committee.

Mr. MARTIN (*Essex East*): Was this recommended by the legal division?

Mr. STARR: Yes.

Mr. MARTIN (*Essex East*): Is the lawyer here? Can he tell us about it?

Mr. STARR: Yes.

Mr. C. DUBUC (*Legal Adviser, Unemployment Insurance Commission*): The reason is that it might involve other sections or other amendments. It seems likely that we can get this clause tested in court without any further amendment.

Mr. MARTIN (*Essex East*): Thank you.

The CHAIRMAN: All right, it will be delayed.

On clause 9.

Mr. MCGREGOR:

## AMENDMENTS TO THE UNEMPLOYMENT INSURANCE ACT

### *Semi-Monthly Contributions*

(Clause 9 of bill: section 42 (f) of act)

The act provides that before a claimant can establish a benefit period (and thus be qualified for benefit if he satisfies the other conditions of entitlement) he must have a certain number of contributions paid in his respect during certain qualifying periods. These contributions are weekly contributions and are referred to in the act as "contribution weeks". For persons who are paid on a weekly basis, the contributions are computed also on a weekly basis. For persons who are paid semi-monthly or monthly, contributions at a semi-monthly or monthly rate are used. These contributions are, in money value, equivalent to 2 and  $\frac{1}{2}$  and 4 and  $\frac{1}{2}$  weeks, respectively. However, they do not refer to any specific time and therefore do not coincide with calendar weeks upon which the contribution qualifications are computed. (The computation of contribution weeks is required not only for the establishment of benefit periods but also for the determination of the rate and duration of benefit.)

In all the cases where contributions have been paid on a semi-monthly and monthly basis, the records in the possession of the commission are not sufficient to permit this determination by calendar weeks to be done.

It is, therefore, proposed to amend section 42 (f) to empower the commission to make regulations for calculating and determining (a) the number of contribution weeks represented by semi-monthly and monthly contributions and (b) the amount to be taken as the average weekly contributions corresponding to the number of calendar weeks established.

Mr. McDONALD (*Hamilton South*): It is just a matter of clarification?

Mr. MCGREGOR: It is a matter of administration to aid us in converting the monthly or semi-monthly contributions into calendar weeks.

Mr. MARTIN (*Essex East*): To compute the benefits per week?

Mr. MCGREGOR: That is right.

Mr. McMILLAN: Is there any difference for those paid in the lower income groups?

Mr. MCGREGOR: It depends upon the employer's pay periods. Some employers pay all their people on a semi-monthly basis, some on a monthly basis, and some on a weekly basis. It all depends on the employer. It does not depend on the range of earnings.

Mr. McMILLAN: I saw some reference to the effect that the payments were less.

Mr. MCGREGOR: I think you are thinking about the half weekly stamp, for those under \$9. But that is another thing entirely. It does not come under this at all.

Clause 9 agreed to.

On clause 10.

Mr. MCGREGOR:

### EXTENSION OF QUALIFYING PERIODS

(Clause 10 of bill: section 45(3) of Act)

The basic requirement that an insured person must satisfy to qualify for benefit is set out in section 45(1). This provides that he must have to his credit at least 30 contribution weeks in the period of 104 weeks immediately preceding his claim for benefit, of which at least eight are in the 52 weeks immediately preceding his claim. However, this provision is modified by section 45(3), which provides that if during those periods the claimant was debarred from acquiring contribution credits because he was incapacitated by illness, or was engaged in non-insurable employment, or was not working because of a stoppage of work due to a labour dispute, the periods of 104 weeks and 52 weeks may be extended by the duration of such incapacity, non-insurable employment or absence from work due to the stoppage arising from the labour dispute. The effect is the same as if the period of illness or non-insurable activity were dropped out of the calendar in computing the period within which the claimant's qualifying contributions must be found. The maximum extension allowable is 104 weeks, which means that the maximum period within which the qualifying contribution weeks must fall is 208 weeks.

The amendment adds as an additional ground for extension of the qualifying periods the provision in the new subparagraph (f) "serving a sentence of imprisonment in any gaol, penitentiary or other place of confinement." This will enable some prisoners who are unemployed after their release to qualify for benefit by reason of contribution credits acquired prior to their imprisonment. In this way their rehabilitation will be assisted.

The number of discharged prisoners who will benefit from this amendment will probably not be large. Studies made by the Unemployment Insurance Commission in co-operation with the federal and provincial prison authorities have indicated that less than 10 per cent would have the required history of contributions prior to incarceration to enable them to qualify for benefit even by means of the extension. Nevertheless it has been urged by several organizations interested in the rehabilitation of prisoners that the effect of enabling even this small number to qualify for unemployment insurance benefit will justify the change in the act. These persons, if unable to obtain employment at once upon discharge, will be able to draw benefit as a matter of right, in accordance with the contributions they have paid, instead of being forced to fall back on public welfare or charity. The financial burden of assisting prisoners will also be lessened for the prisoners' aid societies.

The other amendment to section 45(3) is intended to remove ambiguity. Prior to the 1955 revision the act provided specifically for extending the qualifying periods where a claimant had been engaged in business on his own account. When the present section 45 (3) (b) was enacted, it was thought that the expression "employed in employment that was not insurable" was broad enough to describe engagement in business on one's own account.

However, some decisions of the umpire have indicated doubt whether the expression can extend to work done otherwise than for an employer. The new paragraph (c) is therefore added to restore the former provision as a ground for extension of the qualifying periods.

Mr. MARTIN (*Essex East*): The John Howard Society has been active in making representations along this line.

Mr. MCGREGOR: And also the Canadian Correction Association.

Mr. McMILLAN: I knew of a workman who had to leave the district because of illness in the family and he was away for about six weeks. When he came back the plant was closed and he had no work. He had worked steadily for some years. What are the regulations in that connection? I was trying to follow this. It may have been longer than six weeks that he was away; I cannot tell you, but it was for some considerable time.

Mr. MCGREGOR: If I may answer: I think that the person may have left his work, as you say, because of illness in the family, and the question of his availability for work would have been raised. That would have been the point.

Mr. McMILLAN: The plant was in operation when he left.

Mr. BENIDICKSON: Do you think it may have been voluntary separation?

Mr. MCGREGOR: Yes, and the fact that he was required to stay at home may have raised the question of his being disqualified as not available.

Mr. McMILLAN: Why not leave of absence?

Mr. CARON: Suppose a man is a business man; would he be entitled to benefits if he elected to pay his unemployment insurance?

Mr. MCGREGOR: No. A man in business cannot elect to remain insured if he goes over the ceiling. It is only the person who is still under a contract of service who can elect to continue to be insured.

Mr. CARON: What would be the procedure if he wanted to have insurance?

Mr. MCGREGOR: Suppose a man has been insured for a minimum of five years. Then he goes into business for himself for one year. Suppose the business fails or he becomes bankrupt and is unemployed and looking for work. If he has 30 contributions in the last 104 weeks—and eight of them must be in the last 52 weeks—he would be all right. But he may not have met that requirement in the last two years, so we go back three years, that is for a further 52 weeks, to pick up the year in which he was in business for himself. Then he can pick up the contributions that he had made prior to going into business for himself.

Mr. CARON: That means that if he has been in business for more than two years, it does not count?

Mr. MCGREGOR: That is correct.

Mr. McMILLAN: Suppose he had leave of absence from the plant and came back within six weeks after, only to find that the plant was closed. Could he get his unemployment insurance?

Mr. MCGREGOR: If he was available for work at that time. I think that would be the point at issue.

Mr. McMILLAN: How long a period then—I quoted six weeks, but I do not know how long the period was.

Mr. MCGREGOR: If it were a question of his having left the employment voluntarily, without just cause, the maximum disqualification is six weeks; but if he made himself not available, the disqualification runs as long as that condition exists.

Mr. McMILLAN: This particular individual went to the United States where his mother lived.



Mr. MCGREGOR: May I suggest that the member give me the particulars of the case and I will be glad to look into it.

Clause 10 agreed to.

On clause 11—commencement:

Mr. MCGREGOR: This amendment eliminates the present provision whereby the first week of a new benefit period is permitted to run concurrently with the last week of the old benefit period when a new initial claim is filed immediately on exhaustion of the old claim. The effect of the amendment will be that, where entitlement to benefit in the last week of a claim that is being exhausted is less than a full weekly rate, only the amount remaining will be paid for the last week. The claimant will have to qualify in the succeeding week, thus avoiding overlapping of benefit periods.

The provision which is now being revoked had been introduced for the purpose of avoiding interruption in benefit payments. It had been intended to provide for continuing the payment of benefit at the full weekly rate without interruption between claims where the entitlement remaining on the old claim was less than a full week's benefit—the waiting period being usually waived in these circumstances. For example, a claimant whose weekly rate is \$30 may have \$15 entitlement remaining for the last week of his old claim. He is paid the \$15 and files a new claim on which the rate may again be \$30. When this new claim is adjudicated, he is paid \$15 from the new entitlement in respect of the last week of the old claim. In many cases this procedure does not achieve the purpose intended, namely to avoid interruption in the payments, as the new claim has to be processed before the balance on the old claim can be paid. This often involves a break of at least a week. To carry out the present requirement, a rather involved procedure is required and when dealt with under the mechanized process these complications are accentuated. In view of the slight degree to which the rule assists claimants, it is therefore proposed that the provision be removed and that where the entitlement in the last week of benefit on a claim that is being exhausted is less than the full weekly rate, only the amount remaining will be paid for that last week.

Clause 11 agreed to.

On clause 12:

Mr. MCGREGOR: The present schedule of benefit rates was introduced when the act was revised in 1955. The rates were designed to provide benefit equal to approximately 50 per cent of previous earnings for a person with a dependant and a slightly lesser ratio for a person without a dependant. At that time average wages and salaries in Canada were somewhat less than \$60 a week. The maximum rate of benefit provided was \$30 a week for a person with a dependant and \$23 a week for a person without a dependant. This rate was payable to a claimant whose earnings during the qualifying period, as reflected in his contributions, had been \$57 a week or more.

The commission and the unemployment insurance advisory committee have concurred in recommending that, to restore the previous ratio of benefit to earnings in the light of changes in wage levels in the past four years, the maximum benefit rate should be increased. The benefit rates for workers in the lower earnings ranges would not be changed, but the schedule would be further projected at the upper end so as to provide more realistic benefit rates for workers in the higher earnings ranges. These new benefit rates would be related to a corresponding projection of the schedule of contribution rates.

At the end of 1958 average weekly wages and salaries were reported by the Dominion Bureau of Statistics to be about \$70. The proposed benefit schedule creates two additional benefit classes. The present top rate of benefit (\$27 single and \$30 dependency), which is now payable where the claimant had been earning \$57 a week, or more, will apply only to those in the earnings range \$57 and under \$63. For those with higher weekly earnings the benefit rates will be as shown in the following projection.

Range of Weekly Earnings			Benefit Rate	
			Single	Dependency
\$57	and under	\$63	\$23	\$30
63	and under	69	25	33
69	and over		27	36

For example, a claimant whose earnings prior to his becoming a claimant averaged \$75 a week is restricted at present to a maximum benefit rate of \$30 a week (if he has a dependant), which is no more than is allowed to a claimant whose earnings averaged only \$60 a week. Under the amendment the second claimant will still get \$30, but the first claimant will get \$36.

Mr. McMILLAN: Mr. Chairman, the ratio of payments to contributions will be lower under the new rates than under the old; is that right?

Mr. MCGREGOR: Yes.

Mr. McMILLAN: Is it right that the ratio of payments in respect of the contribution will be lower now than formerly?

Mr. MARTIN (*Essex East*): That is in regard to the new classes?

Mr. MCGREGOR: All classes apply. All classes are given a 30 per cent increase.

Mr. BENEDICKSON: All classes get a 30 per cent increase?

Mr. MCGREGOR: Yes, it changes the ratio of contribution to the benefit where the benefit has not been adjusted.

Mr. MARTIN (*Essex East*): Speaking only of those now insured, not the new ones being brought in, would you care to comment on the answer made by Mr. Jodoin to a question I put to him—also a representative of the C.M.A.—that there ought to be an increase in the rate of benefit in proportion to the increase in the rate of contribution based on the high living costs which now confront the workers of Canada.

Mr. MCGREGOR: I have a table here, Mr. Chairman, which I prepared following the hearing of Mr. Jodoin's brief. If you would like to have me explain this, I would be glad to do so.

Mr. MARTIN (*Essex East*): I would be very glad to have it.

Mr. MCGREGOR: It concerns the ratio between earnings and benefit and the ratio of earnings to benefit plus allowable earnings. There are two factors. We have related the benefit, first of all, to earnings in the first schedule, and in the second schedule we have related earnings to the benefit plus allowable earnings.

Mr. MARTIN (*Essex East*): I know.

Mr. MCGREGOR: I think this will show he was speaking about the ratio being 66⅔ per cent, and that the benefit rate should be increased to that proportion of the wages. If we take those earnings between \$9 and under \$15, the middle of the range is \$12, the weekly benefit is \$8, so a claimant is getting 66.6 per cent at this moment. If you take the allowable earnings of \$14, he is getting 100 per cent. In respect of the fellow with earnings

of between \$15 and \$21, the middle of the range is \$18. His weekly benefit is \$12 and he is also getting 66.6 per cent, and adding allowable earnings makes it 100 per cent.

For the man between \$21 and \$27, the middle of the range is \$24. He is getting 62.5 per cent and with the allowable earnings it is 95.8 per cent. It will not go through the whole range. A man earning between \$39 and \$45 has a percentage of 57.1 and with allowable earnings a percentage of 85.7.

Take the man in the range of \$57 to \$63. He is getting 50 per cent. If you add the allowable earnings he is getting 75 per cent. The man at the top, at \$69 and over, with the middle of the range being \$72, is getting 50 per cent and with allowable earnings, 75 per cent.

Mr. MARTIN (*Essex East*): I hope I am understanding this correctly. Am I not right in saying there was a request by the labour members of the advisory committee that the rates of benefit should be two-thirds of the wage scale?

Mr. MCGREGOR: No, I do not recall that.

Mr. STARR: Mr. Chairman, there was a request in the briefs which were presented in former years.

Mr. MARTIN (*Essex East*): I know; but there is also something recent.

Mr. BELL (*Saint John-Albert*): Where did you get the information?

Mr. MARTIN (*Essex East*): The United Automobile Workers presented me with a brief. By the way, have you received a request from the United Automobile Workers to make a representation before this committee?

The CHAIRMAN: Not yet.

Mr. MARTIN (*Essex East*): I was speaking to the director yesterday. He asked me if a representation could be made. I told him a request would have to be addressed to you as chairman of the committee, and that you, in the course of your democratic procedures, always faithfully observes anything put before this committee.

Mr. BENEDICKSON: Did you receive a request from the Interprovincial Farm Union?

The CHAIRMAN: I did. However, yesterday I did not have time, the way it turned out, to get the steering committee together. I asked him if it would be all right if he submitted a brief and have it incorporated. I was advised that some person would like to come down from Manitoba to present it. I told him that we had acceded to all those who wished to present their briefs; but I told him that at this late date we would have to decide when it would be opportune, or convenient, for them to come down.

Mr. ARGUE: You are speaking of the Interprovincial Farm Union?

The CHAIRMAN: Yes.

Mr. ARGUE: Since the farmers of this country are a substantial portion of the taxpayers, and since the minister himself brought these people into the discussion this morning—and I have no idea what position they will take—I think it is very pertinent that the organized farmers of this country should have an opportunity to appear before this committee and say what they think of the present bill.

The CHAIRMAN: I am willing to take up the matter with the steering committee. These are the only two organizations which have not yet presented their views. However, the thought I had is this; they had sufficient notice that we were going to meet and that those who wished would have an opportunity to appear. I think we should proceed first with the bill and then we will be able to tell them when they can come down.

Mr. McDONALD (*Hamilton South*): Was there an official request?

The CHAIRMAN: Yes, Mr. Patterson made it on behalf of the farm council.



Mr. SIMPSON: Might I suggest to the steering committee that they give it very serious consideration and that if at all possible we should hear the delegation.

The CHAIRMAN: It is a matter of convenience to the committee when we could bring them down.

Mr. BENEDICKSON: It is more likely that representatives of organized labour already insured under the act would be more aware of our parliamentary activities, both in the house and in committee, than would be uninsured groups and the farmers.

Mr. MACINNIS: In your notice to this organization was any date stipulated?

The CHAIRMAN: No.

Mr. MACINNIS: If they have not been nailed down to a date. I think we are obligated to hear them. I think if you are going to send out such notices, then any of these organizations which expressed their intention to come here should be notified that they should appear.

The CHAIRMAN: There is a little difficulty in getting the steering committee together in the way we are operating, in metered time. How about Friday morning?

Mr. BENEDICKSON: I think that is a good suggestion. I move that we hear them on Friday morning, and I think the clerk should similarly get in touch with the Ottawa representatives of the Canadian Federation of Agriculture. They have an official representative here and I think they should be here.

The CHAIRMAN: You can hear both of them while we are at it. Let us get on now with another clause.

Mr. McMILLAN: Has any other organization written in?

The CHAIRMAN: Let us get some more work done. We have carried clause 11 and we have been discussing clause 12.

Mr. CARON: It appears to me, Mr. McGregor, that there is a certain reduction in benefits with the new amendments. The clauses may be exactly the same, but 25 to 34, which is 9 and 12; 20 to 27, or 27 to 33, which was 11 and 15; and 34 to 42; the closest I can get to it is 33 to 39, which was 13 and 18. Now it is 11 and 15; 42 to 50; the nearest I can get to it is 45 to 50, which was 17 and 24. Now it is 13 and 18. It appears to be a reduction.

Mr. MCGREGOR: That is with the 30 per cent added to the old rates. It maintains the old rates of benefit in relation to the old contribution with 30 per cent added.

Mr. BENEDICKSON: But everybody in the volume wage brackets pays 30 per cent more now in contributions under this proposed section, and there is no increase in benefits except for the fact that two or three additional classes at the top are included.

Mr. MCGREGOR: That is correct.

Mr. CARON: I did not quite understand the explanation given by Mr. McGregor; to me it appears to be a reduction in benefits, and you were explaining that it is not.

Mr. MCGREGOR: Actually it is an increase in the contributions. There is no reduction in benefits. The old contribution plus 30 per cent, gives the same benefit; it is 25 per cent in some cases.

Mr. MARTIN (*Essex East*): There is no increase in the rate of benefit at all.

Mr. MCGREGOR: That is right except for the top brackets.

Mr. CARON: That range of average weekly contributions is with the increase of 30 per cent?

Mr. MCGREGOR: That is right.

Mr. CARON: We have to take every one and go down the class to get the benefits.

Mr. MCGREGOR: The 30 per cent increase, would affect all the classes you are looking at in the old schedule.

Mr. CARON: That would bring it up the same?

Mr. MCGREGOR: That is right.

Mr. MARTIN (*Essex East*): Can you give us the percentage of insured who have in the past, prior to the reduction from 52 to 36, taken advantage of the 52 weeks?

Mr. MCGREGOR: That is in the next clause.

Mr. MARTIN (*Essex East*): All right.

Mr. BENIDICKSON: Is it consistent to stand over six which deals with the rate of contribution? We must be consistent. Why stand that over and not stand over number twelve?

Mr. MARTIN (*Essex East*): We must stand over 12.

The CHAIRMAN: Is it agreed that 12 shall stand?

Agreed.

Mr. STARR: There are three parts to clause 12, do you agree to stand part (1) of clause 12, if so we shall go on with part (2) of clause 12.

Mr. MARTIN (*Essex East*): You cannot go on now.

Mr. STARR: Yes. There are three sections in clause 12.

Mr. MCGREGOR: The commission and the unemployment insurance advisory committee have concurred in recommending an amendment that will protect a claimant in certain circumstances against a sudden and severe drop in his weekly benefit rate on a second or subsequent claim.

Under the present provisions, a claimant who establishes a second or subsequent benefit period on the basis of contributions, some or all of which were made during a period when he was working less than his normal full working week, may receive a substantially lower rate of benefit than that which he received on his immediately preceding claim. Numerous representations have been received from labour organizations that it is a hardship for a claimant who qualifies for a rate of benefit based on contributions made while working full time, and a year or so later establishes another claim after a period of employment on short time, to have his weekly rate on his new claim sharply reduced, by reason of the lower average rate of his contributions, at the very time when he has suffered a reduction in earnings. These organizations feel that it would be more equitable, when the second claim closely follows the preceding one, to maintain the rate of benefit at a level nearer to that which would have resulted from normal earnings and contributions.

Under the Act prior to the 1955 revision, when contributions and benefits were based on days instead of weeks, the claimant's daily rate of benefit was not so quickly affected by a drop in his earnings as is now the case. On the other hand, the present provisions allow him to requalify for a new benefit period more quickly when he is working less than the full working week.

The amendment recommended by the Commission and the Advisory Committee will alleviate the situation in part. To minimize the effect of a reduction in earnings and contributions, the amendment adds a provision to ensure that where successive benefit periods occur within two years, the rate of benefit during the new benefit period will not drop more than one class below that of the immediately preceding benefit period. For example, if the previous rate was \$30 and the rate on the second claim would be \$24, it will nevertheless be fixed

at \$28. If a subsequent claim was established within two years of the second claim just mentioned, and the rate on the new claim would again be \$24, it will nevertheless be fixed at \$26.

The provision applies to regular benefit periods only and not to seasonal benefit periods; that is, where a second (or subsequent) regular benefit period is established by a claimant within 104 weeks of the establishment of a previous regular benefit period.

Mr. STARR: Could we finish clause 12.

Mr. BENIDICKSON: We are going to stand this anyway.

Mr. STARR: You are going to stand part (1) of clause 12; you have the explanation of part (2).

Mr. MARTIN (*Essex East*): We have not had a chance to look at it.

Mr. BROWNE (*Vancouver-Kingsway*): I moved earlier that this committee sit until 1 o'clock, and that we would consider what progress we had made at that time. So I move again that we continue to sit until 1 o'clock.

Mr. MARTIN (*Essex East*): If you want to railroad it, all right.

The CHAIRMAN: We will call it after you have finished with the other two clauses, if we can.

Mr. BROWNE (*Vancouver-Kingsway*): I move that we sit until 1 o'clock, and I want my motion to be put.

The CHAIRMAN: Is there a seconder?

Mr. MACLEAN (*Winnipeg North Centre*): I second the motion.

Mr. MACINNIS: There is absolutely no need for a motion for adjournment at all. This committee either carries on or it does not.

The CHAIRMAN: I have a motion which I cannot turn down.

Mr. MARTIN (*Essex East*): I am sure Mr. Browne is one of the most reasonable men in the house, as I have said in the House of Commons. We have made some progress this morning and I suggest—

Mr. McDONALD (*Hamilton South*): I suggest we have made progress but I would not want it to be inferred that we were trying to railroad this thing. The members of the Conservative party did not go to their caucus this morning and I would not want it to be reflected.

The CHAIRMAN: Let us get this next one through. I do not think it is unreasonable. We are standing the first part of it.

Mr. NOBLE: Mr. Chairman, we have divided our forces on occasion. Why can they not divide theirs?

The CHAIRMAN: Let us not get into an argument. Let us have the motion. I have a motion which has been regularly moved and seconded that we continue to sit until 1 o'clock. All those in favour? Contrary minded if any? Let us take the vote again. All those in favour? Six. Those contrary minded, if any, five. I declare the motion carried.

Mr. MARTIN (*Essex East*): We have to leave now. We have this other engagement. It is most unfortunate. But would you care to put that on the record?

Mr. BELL (*Saint John-Albert*): Would you mind putting on the record what this other engagement is?

Mr. MARTIN (*Essex East*): We have a party caucus.

Mr. BELL (*Saint John-Albert*): You will only get to the last half of your party caucus now.

The CHAIRMAN: Let us proceed. Do you want to say anything more, Mr. Martin? We are on clause 12 of the bill, part (2).



Mr. ARGUE: I am in exactly the same position as the Liberal members. I have to attend a caucus too. I would like to leave the committee as well. I think the Conservative members are making a very great mistake. If they want to stay here all by themselves and push this through, I think the reflection will be on them. I think they should have learned a great deal from the attitude of the Prime Minister in the House of Commons yesterday when he moved the motion initially for extended sittings of this house, when the members of the C.C.F. were in favour of it, while the official opposition was against it. The Prime Minister stated that he would not attempt to do anything to railroad the House of Commons, and he would give parliament every opportunity, if the members wished, to have a full discussion of everything coming before the house. He got up and said he was not attempting to do anything to railroad the House of Commons, that he was going to give parliament every opportunity, if the members wished, to have full discussion of everything coming before the house.

I think the members of this committee are not only making a grave mistake on their own account, but are also doing something which is directly opposite to the opinion expressed in the statement of the Prime Minister yesterday in the house.

Mr. BROWNE (*Vancouver-Kingsway*): This morning we had our own party caucus. I had a matter of the utmost importance to me and my constituents; but I felt there could be nothing more important to the people of this country than that these benefits be put through. When the labour organization was here we made an attempt to accommodate them by offering to sit through our lunch hour and the Liberal members were not willing to do that. If the Conservative members are willing to forego their caucus, then the others should also cooperate with us. It might well be that we will have to sit when the house is sitting if we do not take advantage of every other opportunity which we have. We put off a decision to sit while the house is sitting. I think we have gone to every length to cooperate with the other members and they simply dictate to us.

Mr. BEECH: We must not forget that one of the reasons why the Prime Minister acceded to the request was in order to get on with the committee work. If that had not been the case, the house would be sitting this morning. Surely the other parties can cooperate to some extent.

Mr. ARGUE: Mr. Chairman, the members of this committee were unanimously prepared to sit until twelve o'clock. The minister, by his statement, was prepared to sit to twelve o'clock and I take it he was prepared to adjourn at that point. With great respect to members of the Conservative party who wished to sit until one o'clock, I think they should be extremely careful not to get the impression abroad in this country that they are prepared to use their great preponderance of numbers—

An hon. MEMBER: Boloney!

Mr. ARGUE: I have the floor. The chairman is listening to me. They should not give the impression that they are prepared to have this a one-party state.

An hon. MEMBER: On a point of order.

The CHAIRMAN: Let Mr. Argue finish.

Mr. ARGUE: I do not know whether or not the Minister of Labour is a member of this committee.

The CHAIRMAN: No.

Mr. ARGUE: Therefore I will not make the comment I was going to make. Sometimes the minister is a member of the committee and sometimes he is not. However, I think it is a great mistake for the members of this committee to attempt to kid themselves that this extra hour is so important to the time when

this bill will be reported to the house. Last night the house leader announced the order of business in the house for the balance of this week. There is no possibility of getting this bill back to the house.

We will be meeting on Friday morning, if it is agreeable to the Inter-provincial Farm Union people in order to hear them. We have made some considerable progress this morning. I think we can make some considerable progress at another meeting.

Now, however, the members of the committee, with a vote of a very narrow margin, are going to force the committee to meet with the Liberal party absent.

Mr. BELL (*Saint John-Albert*): The other day I had a motion that we meet while the house is sitting. I held it over in order to accommodate the other members of the committee. I feel we are at a crucial stage here now. I think what Mr. Argue says may have some merit, except for one thing; he does not have the previous background of these earlier meetings which colours the story a great deal.

I wonder if it would be in order at this stage to adjourn the meeting at the present time and convene the steering committee, which should be the guiding body in respect of our future deliberations. They can decide on the number of extra briefs we feel we have to hear. We are half way through the bill now.

Also, there is a time limit which we have to face up to, as far as getting these benefits out to the workers who will be receiving them, is concerned. I think this is now a problem for the steering committee.

The CHAIRMAN: Will you allow me to make an observation? We were making good progress this morning, but the usual procedural wrangle developed which is always introduced in order to stall us. That has turned up ever since we started. I would say that one third of our time has been taken up on procedural wrangles introduced just for that purpose. We have had some more today. On the other hand, just when we suggest meeting while the house is in session, we are harangued about trespassing on their time. When we ask to extend the time of the sitting committee, then it is trespassing on other committees.

All the other committees have been meeting ever since the House committees started, and that is over a month ago. There was an interval of a month that we never had a bill to examine and discuss until the present bill was sent to us. Then, when we do ask for time, the other committees are taking up the time of the members of the opposition. We should have a little larger share of the time than they are willing to give us.

The question of meeting when the house is sitting is a contentious question; but when they say they cannot meet in the time we have available and make the best of it, they claim we are trying to railroad it through.

Let me draw to the attention of Mr. Argue the fact that even if we do pass on this bill here it can still be brought up in the house. From the experience of what has been going on here in this committee, I think you will find that we can expect the same treatment in the house.

Mr. ARGUE: I am not going to attempt to speak for the members who left. I hesitate to leave even though I think I have as good a reason for leaving as anybody else. It is a difficult position in which to put any member.

I wish to deal with the suggestion you have made. There are things which can be said, questions put and answers given, by experts in a committee like this which cannot be given on the floor of the house. It is true that any question asked here also can be asked in parliament. However, I do not think the committees are given the job of considering a bill merely to waste the time of the committee and then do it all over again in the house. I think the committee does a useful job.

The CHAIRMAN: We stood over the first clause because you want the investment committee. I do not think there is anything contentious in 2(a) or 3.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Argue made some statements about us wanting to use our great majority. There is no wish on my part to impose my desires on any members of the C.C.F. or Liberal party. I think that is true of the Conservative membership. If Mr. Argue thinks this is so terribly important that he has to go to his party caucus, if he thinks it is more important than this committee meeting, then I say let us go along with Mr. Argue and let us close at twelve o'clock.

Mr. ARGUE: I have other things than the party caucus. I have been here as a member of parliament since 1945. I have never been one of those who think they are here permanently. I just go from one election to another. The cabinet in the former administration took the attitude that they would ram things through parliament and the members went along. The Prime Minister in this government gets up and says, "We will let the opposition take their full time in discussing these matters"; but the backbenchers are going to railroad it in. That is exactly what it looks like to me.

Mr. McDONALD (*Hamilton South*): I said it did not make any difference to me, but I want to make it clear that I did not go to my party caucus.

Mr. ARGUE: I have not gone to mine either.

Mr. McDONALD (*Hamilton South*): I did not go because I thought this was very important. I do not want to railroad anything through. The implication which this member makes that we are just doing things by steamrolling our majority is completely ridiculous.

Mr. ARGUE: You have done it already. You have been doing it all the time.

Mr. MACLEAN (*Winnipeg North Centre*): I am prepared right now to move for adjournment.

Mr. ARGUE: Then move it.

Mr. SIMPSON: I will be prepared to move that we adjourn and that this committee sit tonight, on Friday night and that this committee sit on Saturday.

Mr. NOBLE: It has been proposed by Mr. Bell that the steering committee meet and lay out a schedule. We have wasted twenty minutes talking about nothing.

Mr. MACLEAN (*Winnipeg North Centre*): I move the adjournment.

Mr. SIMPSON: I am sure I have not spent twenty minutes speaking about nothing, because I have not been saying anything. Everybody has been complaining about this committee not being able to sit during the sitting hours of the house, and during the time when other committees are meeting, and then there is one thing and another. In order to prove my point that we are not trying to railroad anything through, I would make a motion that this committee give serious consideration to sitting on Wednesday night, Friday night, and at any convenient time on Saturday. I am quite prepared to make that motion and I would like to have a seconder.

Mr. ARGUE: You have a motion.

The CHAIRMAN: The motion to adjourn is always in order.

Mr. MACINNIS: On a point of order; that motion to adjourn was made when Mr. Simpson had the floor and should not be accepted. I will second the motion that we meet tonight at eight o'clock.

Mr. ARGUE: You are—

Mr. SIMPSON: Again the member for Assiniboia is trying to create the atmosphere that this committee is trying to steamroller things.



Mr. ARGUE: I am not trying to create that impression; I am saying it.

Mr. SIMPSON: Can you give me any good reason why we cannot sit tonight?

Mr. ARGUE: This committee will not sit tonight. I will make that as a forecast. I am satisfied that the Prime Minister would not wish to have this committee sitting when a great many of the members have an engagement with Her Majesty's representative.

The CHAIRMAN: Mr. Argue, will you allow me to make an observation on this. You are guilty of the same fault Mr. Martin has. You are interjecting, cutting in. I am endeavouring to let everyone have their say without interruption. Mr. Simpson has been trying to have the floor and has been interrupted. I want to hear him through.

Mr. SIMPSON: In relation to what has been said about other important matters that are on tonight, I am sure that my suggestion of a meeting tonight between the hours of 7 and 8.30 would not interfere with the proceedings at government house. I also mentioned Friday night, and I would like somebody to give me a good excuse why we cannot sit on Friday night.

Mr. ARGUE: On a point of order, Mr. Chairman, you have a motion to adjourn. You yourself have said there should be a meeting of the steering committee to discuss the procedure of this committee and I think the members now are attempting to use the majority they have to do the work that is ordinarily recommended by the steering committee. I think they are making a grave mistake.

Mr. MACLEAN (*Winnipeg North Centre*): I have made the motion to adjourn for that very reason.

Mr. ARGUE: You are not getting it pointed out very well when your own members will not allow it to go to a vote.

The CHAIRMAN: I will not accept the motion to adjourn now because this has developed into a cross-fire. I want to give Mr. MacInnis an opportunity to have his say and we will adjourn afterwards.

Mr. MACINNIS: As I understand the motion, we meet this evening from 7 to 8.30. I wish to second that motion.

The CHAIRMAN: It has been moved by Mr. Simpson and seconded by Mr. MacInnis that we meet tonight from 7 to 8.30.

Mr. MACINNIS: This is to give Mr. Argue and any other members an opportunity to attend the Governor General's ball.

The CHAIRMAN: It has been moved by Mr. Simpson that the committee sit at 7 o'clock tonight.

Mr. SIMPSON: Yes, until 8.30; that is my motion.

The CHAIRMAN: The motion is in order.

Mr. BEECH: How about the motion that we made at one o'clock?

Mr. ARGUE: It is a clear rule of the house that a motion to adjourn in the house is always in order. You have had a motion now; you say you have had it for twenty minutes, and you refuse to act on it.

The CHAIRMAN: The point that was raised by Mr. MacInnis was that the motion was moved when Mr. Simpson was on his feet. Mr. MacLean would have to wait until Mr. Simpson sat down before the motion could be moved.

Mr. SIMPSON: Regardless of how the vote goes, we are not trying to steamroll anything through and we are willing to provide time which will accommodate the other parties.

The CHAIRMAN: All in favour of the motion? Contrary?  
I declare the motion carried.

Mr. MACLEAN (*Winnipeg North Centre*): Is my motion to adjourn now in order?

The CHAIRMAN: Yes.

## EVENING SESSION

WEDNESDAY, June 3, 1959.

7.00 p.m.

The CHAIRMAN: We have a quorum now and we can proceed. We are on clause 12, subclause (2).

Mr. BENIDICKSON: Mr. Chairman, does that mean that even when the Liberals are not present that the majority of Conservatives have filibustered this bill for an hour?

Mr. MACLEAN (*Winnipeg North Centre*): No, sir, we just want to give you the full right to discuss it.

Mr. BENIDICKSON: If you adjourn it, you then reverse the motion you previously made. I think the chairman said earlier in the morning—

The CHAIRMAN: We are not going into discussion of what took place this morning. We are going on with clause 12.

Mr. BENIDICKSON: I think that is an interesting question—

Mr. MARTIN (*Essex East*): Just a minute, Mr. Chairman—

The CHAIRMAN: We are discussing the clause—

Mr. MARTIN (*Essex East*): We are going on with it. You have got to learn that the committee decides these things and not the chairman. Mr. Benidickson has raised a point. Let him have time to pursue it.

Mr. BENIDICKSON: Mr. Chairman, I was unable to be here for a period of time and I understood the committee was going to proceed if even for an hour, so I had some questions and I was surprised to find that clause 12(2) was still before the committee. I thought perhaps by now other sections would have been dealt with, so I wanted to know what had transpired since we were as I did not want to duplicate any questions in the committee.

The CHAIRMAN: Well, I informed you we were on clause 12, subclause (2).

Mr. BENIDICKSON: Mr. Chairman, on this clause, we read in the memo that was given to us in explanation that:

Numerous representations have been received from labour organizations that it is a hardship for a claimant who qualifies for a rate of benefit based on contributions made while working full time, and a year or so later establishes another claim after a period of employment on short time, to have his weekly rate on his new claim sharply reduced, by reason of the lower average rate of his contributions, at the very time when he has suffered a reduction in earnings.

This is quite impressive. I imagine that there is a stage in the recession between full-time earnings, when one goes perhaps to short-time earnings, industry gets to some fall-off in orders, and before there is perhaps a lay-off there is a general reduction in the number of hours across the board in order to try and everage the reduction in business for that particular firm. So this, I would think, is in consequence a pretty important section.

Further on, as I remember the memo, it was indicated that this clause in part—I think the wording was “in part” fulfills a recommendation of the advisory committee. Was this recommendation in the report of the advisory committee tabled in the house?

Mr. STARR: Mr. Chairman, this amendment as it is now presented in this bill is an amendment that was recommended by the commission and the advisory committee that it be included, which will alleviate the situation in hand.

Mr. BENIDICKSON: I just wondered, therefore, if the recommendation itself is a public document and if we could have it put on the record.

Mr. STARR: Yes, it was tabled in the house.

Mr. BENIDICKSON: Then I wonder if Mr. McGregor could read the actual relevant section. Was this circulated, Mr. Chairman?

Mr. MCGREGOR: Clause 2 of 12, you mean?

Mr. BENIDICKSON: No, the recommendation of the advisory committee.

The CHAIRMAN: It has not been circulated. The members, I understand, were given the privilege of going down and getting it from the office.

Mr. BENIDICKSON: There is only one copy, of course.

The CHAIRMAN: Members were instructed last week where they could get it. It was tabled in the house.

Mr. BENIDICKSON: Very frequently, as you know, when a document is under active consideration you cannot get it at a time when you have time to look at it.

Mr. MCGREGOR: In the proposal dated August 26 it says:

#### New Recommendations

Two new recommendations, which the commission and committee propose, to make effects of short time less burdensome to the insured person. These recommendations are (a) that the rate of benefit be based on the average value of all the contribution weeks used to determine duration, and (b) that on a second, or subsequent, regular claim made within 104 weeks of a previous regular claim, the rate would not drop by more than one class below that of such previous claim.

(b) is the relevant one.

Mr. BENIDICKSON: These are very technical matters and a lot of us are not too experienced in them. I wonder if Mr. McGregor, as an expert, could convey to the members of the committee in sort of their laymen's language, an explanation of the difference between what is in this section and what was recommended by the advisory committee.

Mr. MCGREGOR: This is what was recommended by the advisory committee.

Mr. BENIDICKSON: Then why did you use the phrase "this is in part what was recommended by the advisory committee"?

Mr. MCGREGOR: We say that it in part meets the representations that were made.

Mr. BENIDICKSON: I see. It is the recommendation of the advisory committee, but falls short of the recommendations—

Mr. MCGREGOR: Outside recommendations.

Mr. BENIDICKSON: —of the labour organizations referred to on page 1 of this memo?

Mr. MCGREGOR: That is correct.

Mr. BENIDICKSON: Can you then describe the difference between what we have here and what was asked for in the labour representations that you referred to in the explanation?



Mr. MCGREGOR: The labour organizations asked that we revert to a daily basis as far as benefit was concerned, because, as pointed out—

Mr. BENIDICKSON: And that was changed in the last amendment?

Mr. MCGREGOR: Yes, 1955. As pointed out here, the effect of short-time work was not so great when it was on a daily basis as it is on a weekly basis. On the other hand, under the revised act, since 1955, a claimant can requalify much more quickly than he could under the daily system, and this was an attempt to meet the situation and still keep within the weekly concept, because you cannot have a weekly concept for one part of the act—a daily concept for one part of the act on contributions, and a weekly concept for benefit. The two just could not fit.

Mr. BENIDICKSON: You did point that out, I think, in your memo, that there were advantages. You now point out some disadvantages, but there were more advantages in the weekly concept?

Mr. MCGREGOR: Yes, inasmuch as a claimant can qualify much easier than under the daily concept.

The CHAIRMAN: Carried?

Mr. CARON: Is it easier for the department to calculate on the daily basis or the weekly basis?

Mr. MCGREGOR: It is no different as far as administration goes. The contributions prior to 1955 were on a daily basis, and we went back 180 days to get the daily rate. Now, being on a weekly basis we go back 30 weeks, which is exactly the same thing.

Mr. CARON: Exactly the same thing?

Mr. MCGREGOR: As far as administration is concerned, yes.

Mr. CARON: It does not cost any more for administration one way or the other?

Mr. MCGREGOR: No.

Mr. BENIDICKSON: You mean your calculating is not different?

Mr. MCGREGOR: Well, there is one saving in the weekly case in only counting 30 weekly stamps, as against 180 days. But inasmuch as the daily stamps were grouped in sixes, it is pretty much the same.

Mr. BENIDICKSON: You really counted the groups of stamps rather than the individual stamps.

Mr. MCGREGOR: Yes.

Mr. McMILLAN: Why should you not extend it to the seasonal benefit period?

Mr. MCGREGOR: Because the rate for seasonal benefit period is based on all of the contributions. To be qualified for seasonal benefit a claimant must have had at least 15 contribution weeks since the end of the previous March. In determining the rate we take into account all of those contributions.

The CHAIRMAN: Carried?

Mr. BENIDICKSON: I just want to see how that goes backwards and prevents this unfortunate result of a lowering in income immediately prior—well, I do not mean immediately, but prior to the time of entitlement.

Mr. MCGREGOR: Mr. Chairman, the rate is based on the 30 weekly contributions immediately prior to the date of the claim.

Mr. BENIDICKSON: So if you are dealing with March then the 30 weeks are of no consequence if the seasonal benefit starts in December, is it?

Mr. MCGREGOR: The seasonal benefit starts in December.

The CHAIRMAN: Carried?

Mr. MARTIN (*Essex East*): No, just a minute.

The CHAIRMAN: Carried?

Mr. MARTIN (*Essex East*): No, it is not carried.

The CHAIRMAN: Ask your question. We have to get on with the questions.

Mr. MARTIN (*Essex East*): Just a moment. You do not understand the complications here. Others are trying to.

The CHAIRMAN: I understand we are holding up a meeting that we have come back to try and make some time with.

Mr. MARTIN (*Essex East*): I would like to ask the actuary some questions on this. I have before me, Mr. Humphrys, these tables—

Mr. BELL (*Saint John-Albert*): Is that my copy you have, Mr. Martin, or did Mr. Argue take my copy? I loaned it to you this morning.

Mr. ARGUE: Yes, I have it.

Mr. MARTIN (*Essex East*): I want to refer to statement 5 of the unemployment insurance fund, contributions and benefits for the five-year period ended March 31, 1958.

Mr. BENEDICKSON: Mr. Chairman, were these distributed at a meeting which perhaps the odd member did not attend and therefore did not receive a copy?

The CHAIRMAN: Yes, at the first meeting Mr. McGregor was asked for explanations.

Mr. BENEDICKSON: Could they be distributed? If they are to be discussed—were they distributed to the meeting at which some of us were not present?

Mr. MARTIN (*Essex East*): I am looking at a series of questions based on statements 5 and 7. I do not know whether you can give me any assistance. I take it that the forecast regarding the amount of additional revenue which I think is estimated at \$73 million—

Mr. HUMPHRYS: \$78 million from the increase.

Mr. MARTIN (*Essex East*): Here in statement 5 the annual shortfall is \$73 million.

Mr. HUMPHRYS: Yes, that is without any amendment.

Mr. MARTIN (*Essex East*): I take it that that figure as estimated, \$73 million, on the annual average basis based upon a five-year experience from April 1, 1953 to March 31, 1958?

Mr. HUMPHRYS: Yes.

Mr. MARTIN (*Essex East*): That is right, is it?

Mr. HUMPHRYS: Yes.

Mr. MARTIN (*Essex East*): Given the fact that during this period we had two recessions and that the last one was especially serious, do you really think that the period selected is typical and that in the future we must expect two recessions every five years or would you be inclined to agree that the period in view of our last experience has been abnormal and that therefore the prospective deficit may have been over-estimated?

Mr. BELL (*Saint John-Albert*): May I ask, Mr. Martin, what you are reading from?

Mr. MARTIN (*Essex East*): Carefully prepared notes, unlike some of the other gentlemen—

Mr. BELL (*Saint John-Albert*): Do you generally typewrite your notes?

Mr. MARTIN (*Essex East*): That is not any of your concern. Unlike the hon. gentlemen I have given very careful consideration to this matter which is imposing a terrible burden on some of the workers of our country.

Mr. HUMPHRYS: I do not profess to be able to predict what the economic conditions are going to be in the future and as a consequence the only course that I felt I could follow was to look at recent experience and to attempt to put forward what I thought would be required in the way of revenue to meet the benefit costs that would arise out of the fund, if recent experience should be typical of the future.

Now, the five-year period that I chose was the most recent experience we had at the time I made these calculations.

Mr. BENDICKSON: When was that estimate, Mr. Humphrys, last year?

Mr. HUMPHRYS: About June last year. Initially they were made for the advisory committee and consequently they would be made in June on the basis of the statistics that we had for the fiscal year ending March 31, 1958.

I thought that since that period, was the most recent period, it was reasonable to put forward an estimate of the revenue that would be required to support benefits at that level of unemployment. I think it is a matter of opinion what level of unemployment will be experienced in the future and for this reason I tried to make very clear this fundamental assumption on which the calculations were based. If these assumptions prove not to be typical in the future then these contributions will not be sufficient. It may be higher or it may be lower, but I really think—actuaries have no special power to see into the future in this respect. I think the members of the committee are perhaps as wise in this respect as any technician could be.

Mr. MARTIN (*Essex East*): There is no quarrel with your purpose or with the quality of your work. I do not want any misunderstanding on that. I am sure that we all agree you have done very competent work but if the benefit was over-estimated there would be imposed on the main contributors an undue amount, would there not?

Mr. HUMPHRYS: Yes, if the normal level of unemployment should be much lower than it was in those five years then the contributions proposed here would be more than adequate.

Mr. STARR: I would suggest, Mr. Chairman, that in the light of those circumstances at that time another look could be taken at the rates to see whether there was any possibility then of reducing them.

Mr. MARTIN (*Essex East*): Would the minister say that if that eventuated that he would recommend a reduction of the rates?

Mr. STARR: I am always looking for an opportunity.

Mr. MARTIN (*Essex East*): My question was, would the minister in that event recommend a reduction in the rate of contribution?

Mr. STARR: If the circumstances showed that the fund had grown back to normal and that in the immediate future there was no possibility of a heavy drain on the fund then I would be one of the first to recommend it.

Mr. MARTIN (*Essex East*): Thank you. Now, you did not include Mr. Humphrys' revenue from investments, the \$25.5 million, did you, the interest on revenue \$25.5 million?

Mr. HUMPHRYS: Not in this statement, sir, no.

Mr. MARTIN (*Essex East*): You did not include that?

Mr. HUMPHRYS: No.

Mr. MARTIN (*Essex East*): Can you tell us why you did not include that figure?



Mr. HUMPHRYS: Well, the revenue from interest has been decreased quite rapidly with a fall in the fund. As long as the fund is large and seems to be relatively stable it may perhaps be reasonable to count to some extent on the revenue from interest to make up part of the benefit cost and this in fact was done at the time the act was revised in 1955. At that time my estimate of the contribution revenue was such that I expected that the contributions alone would not meet the benefit load and that one would have to count on revenue from interest to make the balance.

I thought that this was a safe course to follow so long as the fund was large and so long as no definite trend seemed to be developing. But when the balance in the fund fell, interest revenue fell with it and it no longer seemed to be safe, in my opinion, to count upon interest revenue to meet the benefit load. I believe the interest revenue is now for the last fiscal year, the one ended March 31, 1958, considerably less than \$25 million.

Mr. MARTIN (*Essex East*): Some \$15 million, is it not?

Mr. HUMPHRYS: That is the figure in my mind.

Mr. MARTIN (*Essex East*): What is the reason for that, for dropping the \$10 million.

Mr. HUMPHRYS: I think part of the drop was by reason of the decrease in the fund balance and part of it was by reason of investment losses.

Mr. BENIDICKSON: In connection with some improved benefits which would result from this legislation, would they in any way come into your actuarial calculations in June 1958, such as extending the benefit period and the clause that we are now discussing?

Mr. HUMPHRYS: I made my calculations first, sir, on the basis of the act as it then stood. That is the basis of calculations in this statement No. 5. The other amendments that are now being proposed do have an effect on the revenue and on the benefits, and the effect of those changes has been estimated and is set forth in statement No. 6 on the following page. The figures have also been given to the committee at an earlier meeting and I think in the House of Commons by the minister.

Mr. CARON: Would you say there is \$23,500,000 benefit? There is \$9,400,000, \$11 million and \$3,100,000?

Mr. HUMPHRYS: Yes, that is right, \$24 million.

Mr. CARON: \$23.5 million.

Mr. HUMPHRYS: Yes, that is the estimated additional benefit load.

Mr. CARON: And this should cover only what has been spent. It would not create any replenishing of the fund. It would just cover the yearly expense?

Mr. HUMPHRYS: These proposed contributions? Yes, sir. They would cover the average benefit load if the normal level of claim is about the average of the five years.

Mr. BENIDICKSON: If the next five years are similar to your calculation for the past five years, ending in 1958, then this is valid?

Mr. HUMPHRYS: Yes. One of the reasons that seems to indicate that an increase in contribution is necessary is that even in 1956-57, which was a very good year, even in that year the contributions were not sufficient to cover the benefits. So that if we are now in a state where even in a good year there is little or no increase in the fund it seems clear that there is not sufficient revenue to meet the cost.

Mr. CARON: In increasing the benefits did you take into cognizance the estimated expenses for 1959, which we see on page 7, \$478,673, or 207.5 per cent of the revenue?

Mr. HUMPHRYS: No, sir, my calculations were based upon the experience of the five years ended March 1958. The year 1958-59 showed a level of claim that was higher than that average.

Mr. CARON: And this increase will not affect the payments for 1959 or only partly?

Mr. HUMPHRYS: I do not think that the—

Mr. CARON: It is not retroactive to January 1?

Mr. HUMPHRYS: That is not my understanding, no.

Mr. CARON: So it would cover only partly the benefit expenses?

Mr. HUMPHRYS: The benefit payments for 1959 will be affected only partly if the bill is enacted. I think there may be some effect in 1959 of the change in benefits.

Mr. CARON: But there will still be a reduction in the fund for the year 1959?

Mr. HUMPHRYS: I have not the experience of all of 1959 before me yet, Mr. Caron.

Mr. CARON: But suppose the experience goes according to the estimated figures which appear on page 7, contributions \$230,724, and benefit payments \$478,673, making 207.5 per cent of the expense over the revenues, so if it stands as the estimates of the 1959 figures we see here, the fund will be still depleted some more?

Mr. HUMPHRYS: Yes, sir, if there is no change made I believe there will be a substantial drop.

Mr. CARON: Suppose the figures would stand that way, how much do you believe it would be depleted again?

Mr. HUMPHRYS: I do not know what the experience of next winter will be, sir.

Mr. CARON: But supposing it would be according to your estimated figures?

Mr. HUMPHRYS: Then, if the experience of 1959 is about the average of this five-year period I have spoken about, there would be a shortfall of some \$73 million.

Mr. CARON: But suppose it would stand as it was estimated here. It is a very high estimate you have for 1959. What would be the depletion of the fund?

Mr. HUMPHRYS: I have not made any estimate for 1959, Mr. Caron.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Humphrys, the idea of raising the rates 30 per cent is to balance the outgoing with the incoming on your calculation over the five-year period?

Mr. HUMPHRYS: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): If that is the case then there will be interest in the fund for a year and the interest in the fund will replenish the fund and build the fund up—I imagine that is the idea?

Mr. HUMPHRYS: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): Have you any idea what the amount would be in regard to the approximate estimate of that? If the benefit estimates were equal to the disbursements, what would be the rate of climb of the fund with regard to the interest rates?

Mr. HUMPHRYS: It would be pretty hard to predict definitely, sir. So much depends upon when the heavy unemployment hits you. If you have set the contributions at the correct level and have been able to correctly estimate the normal level of unemployment, then over the long run your

contributions should match your benefits. Now, if you start out with a certain fund and you have your good years first, then your fund builds up and your interest revenue is higher than if you had your bad years first and used up your fund, so it is hard to say just how it will grow.

Mr. BELL (*Saint John-Albert*): Then you are suggesting that because the fund was built up first, where we had good years, it may have given us a false impression?

Mr. HUMPHRYS: Well, definitely the revenue from the large fund enabled contributions to be maintained at a lower level than they would have been had there been no such interest revenue.

Mr. BELL (*Saint John-Albert*): Well, Mr. Humphrys, realizing that it is very difficult to make these annual estimates of yours, would you care to say, speaking frankly, whether you have shown any greater degree of error in recent years than you might have encountered in the earlier years where you had the same problem as far as assessing economic conditions in the country are concerned?

Mr. HUMPHRYS: Well, the contribution rates in the initial act when it was set up in 1940 were based upon unemployment experience in a ten-year period, 1921 to 1931, and this was a fairly good period on balance. The unemployment was much lower in those years than the thirties, but it turned out, from experience, that by reason of the wartime experience and the employment experience in the years after the war, that unemployment was much lower than these contributions provided for. As a consequence the fund grew quite rapidly, but at the same time changes were being made almost constantly which weakened, you might say, the financial strength of the fund. So that as amendments were made, the margin that existed in those early contributions was used up until we reached a point in the 1950's where the margin was completely used up, and the contributions were not enough to cover the benefits even in a very good year.

But the presence of a large fund and of interest revenue enabled us to run along without any difficulty. But as soon as heavier claims began to come in, we found there was no margin left in the contributions and there seemed to be no prospect without a change, of the fund ever going in any direction but down.

Mr. BELL (*Saint John-Albert*): You are suggesting that where we did have a large fund built up, unfortunately it caused us perhaps to be a little loose in our thinking about where the fund would be going; and now we have to face up to the reality that our fund, due to economic conditions, unfortunately is lower, and that we must act accordingly.

Mr. HUMPHRYS: I would not like to say that the thinking was loose in any amendments that were made. But I do think perhaps that some amendments were made which would not have been made had the fund not been so large.

Mr. ARGUE: You have made a great point to my mind, as to the importance of the interest which you received from the fund, in your calculation; on statement 1 it appears that interest has been running at a rate of \$23 million, \$25 million and \$26 million annually. Please tell me what was the figure of expenditures under the act in the most recent years, let us say one of these heavier years?

Mr. HUMPHRYS: In the year 1957-58 the total benefit payments were \$385 million. In the year 1958-59 the total benefit payments, as a preliminary figure, were \$479 million.

Mr. ARGUE: How much were these above the average in the experience of the fund; how much have these been above normal?



Mr. HUMPHRYS: I had to produce a calculated figure for what I took as the normal level. This is the figure that is mentioned on statement No. 5, that is, \$313 million.

I was faced with the difficulty that the act was amended in 1955 to such an extent that the claims experience in the years prior to that time was not altogether reliable as an index for what the claims experience would be as the act stood after 1955. In addition I was faced with the change in the insured population, which increases from year to year, and the fact that salaries have been rising, and that there have been other changes in the rules of the plan. I could not use the benefit costs experienced in the earlier years for a given level of unemployment. If you change your rules, a certain level of unemployment might have a different impact on your fund.

Mr. BENIDICKSON: We did not investigate changes in the lengthening of the seasonal benefit period, and it represents only a small proportion of your five-year period. To what extent was that taken into account in your forward look for five years?

Mr. HUMPHRYS: I took that into account as well as I was able to do it in arriving at this estimate of \$313 million. I attempted to arrive at what the figure would have been had the present plan been in effect over those five years; had the 1958 insured population been insured over those five years, and had the distribution of the insured population by contribution class been the same as it was in 1958.

Mr. BENIDICKSON: Clause 12(2) could be described as a benefit or improvement clause. It is not one of those referred to on statement 6 of your table, is it? Does that mean that to all intents and purposes it is not of too much consequence?

Mr. HUMPHRYS: I was not able to arrive at any estimate of the increase in benefits which would arise from this change, but I do not think it would be of a very heavy proportion.

Mr. BENIDICKSON: It is not going to affect the expenditure item to any great extent.

Mr. HUMPHRYS: I do not think that that extra expenditure would be large enough to be significant.

Mr. BENIDICKSON: Does anybody have a calculation as to what the difference would be in the cost if one took into account the grants proposed under this section as against what was asked for by the labour organizations?

Mr. HUMPHRYS: No sir.

Mr. BENIDICKSON: Was that answered by Mr. McGregor? I take it you do not need to go into the calculations.

Mr. STARR: It was answered by Mr. McGregor when he said we would have to revert back to the daily basis of contributions.

Mr. MARTIN (*Essex East*): Mr. Humphrys, are you with the Department of Insurance or with the Department of Finance?

Mr. HUMPHRYS: I am with the Department of Insurance.

Mr. MARTIN (*Essex East*): You are not in the Labour department?

Mr. HUMPHRYS: No, sir.

Mr. MARTIN (*Essex East*): We have been talking about the rates and the increased range from 30 to 50 per cent. Mr. Bell mentioned 30 per cent a little while ago. Is it not more correct to say that the range of increases in benefits is from 25 to higher than 30 per cent, and as high as 56 per cent in rates of contribution?

Mr. HUMPHRYS: I think that is correct in one sense. It may be that, in respect of an employee who is now in the top class—

Mr. BENEDICKSON: You mean somebody earning approximately \$4,800?

Mr. HUMPHRYS: Somebody contributing in what is now the class of \$60 a week and up. He now makes a contribution of 60 cents a week. But under the proposal, if his earnings are enough to put him into the new top class which is \$72 a week and up, that is the new top class—or I should say \$69 and over—he will be contributing 94 cents a week. So for him there is an increase from 60 cents to 94 cents which is something more than 50 per cent.

Now, with the two new classes there will be an effect of that nature, and persons who are in the new second class from the top will have an increase from 60 cents to 86 cents. But it should be noted in that connection that although the increase measured that way is 50 per cent or more, part of it arises by reason of the higher benefits that this employee will be entitled to, so that is to some extent paying for his higher benefits. But to some extent he is bearing an increase in the scale of contributions.

Mr. BELL (*Saint John-Albert*): Could you express it percentagewise in the extreme case, in a general way?

Mr. HUMPHRYS: Well, were it not for the proposed 30 per cent increase in the contribution rates, the top class would contribute in accordance with the present scale, 72 cents a week. Now that, under the proposal, would go to 94 cents a week which is almost exactly a 30 per cent increase, from 72 to 94 cents. So that the increase that the employee would be paying in respect of the increase in benefits would be from 60 cents to 72 cents, or 20 per cent.

Mr. MARTIN (*Essex East*): I thought that Mr. Bell would pursue his question further.

Mr. BELL (*Saint John-Albert*): Could you relate the benefits percentage-wise in the same way in which you have done it in respect to contributions? I ask it generally because I appreciate the fact that I am only thinking out loud.

Mr. HUMPHRYS: The benefit goes up in direct proportion.

Mr. MARTIN (*Essex East*): We were told this morning that the total cost would be about \$100 million, and that the benefits would be around \$20 million. Would it not be accurate to say that the rate of benefit—I am not talking about the advantages of the proposed amendment; I am talking about the rate of benefit—would it not be accurate to say that the rate of benefit does not go up at all?

Mr. HUMPHRYS: My answer to Mr. Bell was given from the point of view of an individual insured person who is in the top class. His contribution goes up partly by reason of the increase in benefits that he will get, and partly by reason of the increase in the scale of contributions. To the extent that this contribution rises in recognition of the higher benefits, the increase in contribution is 20 per cent and the increase in benefits is 20 per cent.

Mr. MARTIN (*Essex East*): But in respect of the vast range of insured workers, those who would not be included in the increased amounts, the \$4,800 and over, there would be no increase in the rates at all.

Mr. HUMPHRYS: Not in the rate of benefits. I do not know that that is the vast majority. I believe a large proportion of the insured population is in those classes.

Mr. MARTIN (*Essex East*): Do you have the percentage?

Mr. HUMPHRYS: I will obtain that for you in a moment.

Mr. STARR: I have found this very interesting. However, we stood clause 6 which deals with contributions. Now we are discussing the whole field of contributions under this particular clause. I wonder if we are on the right track, or are we back on clause 6.

Mr. MARTIN (*Essex East*): We are trying to help the chairman make as much progress as possible.

Mr. STARR: In other words I would gather that the hon. member is now putting forward all the arguments regarding clause 6 before he hears the investment committee.

Mr. MARTIN (*Essex East*): I am not putting forward any arguments at all. I am speaking on this very important matter.

Mr. STARR: This is subclause (2a).

Mr. MARTIN (*Essex East*): In respect of the increase between 25 per cent and 56 per cent instead of 30 to 50 per cent, could you tell us the percentage of the insured population for each of the clauses? Could you give that to us?

Mr. HUMPHRYS: Yes; it is in the documents which have been distributed in connection with clause 6. There is a table showing the percentage contributed. It is in the statement on clause 6 of the bill at page 2.

Mr. BROWNE (*Vancouver-Kingsway*): If the table is in respect of clause 6, then it cannot be related to what we are discussing now.

Mr. MARTIN (*Essex East*): Is that the document of which you are speaking?

Mr. HUMPHRYS: It is on the document which gives an explanation of the clause.

Mr. MARTIN (*Essex East*): On the basis of your studies, what do you say would be the additional revenue to the fund if the present level of contribution by the workers and industry were to be maintained and if the contribution of the government was to be increased on the basis of the 5-5-2 formula.

Mr. HUMPHRYS: On the basis of the 5-5-2?

Mr. MARTIN (*Essex East*): Yes.

Mr. HUMPHRYS: I am not sure I understand.

Mr. STARR: I am a very patient man. I know that the member for Essex East is taking advantage of the committee in this respect. He is asking questions which are not relevant to the clause under discussion at the moment. If the hon. member means what he says, that he is trying to facilitate things, then he is taking the wrong way of doing it.

Mr. Chairman, I would request that you bring the hon. member for Essex East to order and that he be asked to discuss the particular clause we are on. Clause 6, where these questions are more applicable, has been stood for further consideration, when we get through with these clauses. We are wandering all over the bill. The member for Essex East is doing it purposely.

Mr. McMILLAN: Some of the other members of the committee have also asked questions on this.

Mr. STARR: I am just referring to the leadership which has been given in this direction in respect of some of the questions. The hon. member for Essex East knows better than he indicates.

Mr. MARTIN (*Essex East*): The minister does not object to these questions?

Mr. STARR: He has been very patient.

Mr. MARTIN (*Essex East*): I accept that tribute in view of the earlier meetings.

Mr. STARR: I can understand why the chairman has not been patient earlier, if the same trend has been going on for the past number of weeks.



Mr. MARTIN (*Essex East*): I take the position that your comments are out of order because you are not a member of this committee. I will not take that position, but I could.

Mr. STARR: I wish you would.

Mr. CARON: On that subclause (2a) the benefit periods fall within the range of the schedule.

The CHAIRMAN: I am assuming that subclause (2) carried and we are moving to subclause (2a).

Subclause (2) is carried.

Mr. CARON: No; subclause (2) and (2a) were to be studied together.

Mr. STARR: Mr. Chairman, we have not started discussing subclause (2) of clause 12.

Mr. MARTIN (*Essex East*): On page 4 we have a schedule, rates of benefit. Now, we have been putting some questions which have a true relationship to that schedule.

Mr. BROWNE (*Vancouver-Kingsway*): Subclause (1) was passed this morning.

The CHAIRMAN: Subclause (1) was stood this morning.

Mr. CARON: This morning I was asking that we stand the whole clause, because it is all interlocked and we have to come to the other points in order to discuss this matter.

The CHAIRMAN: You are not even doing that. You are incorporating clause 6, which has been passed.

Mr. CARON: But I am saying it is so interlocked that we have to come to the other clause. If the whole of clause 12 stood with clause 6 it would save time for the committee.

The CHAIRMAN: Then we will stand the whole thing, because clause 6 was stood in view of the fact that you wanted the investment committee here.

Mr. MARTIN (*Essex East*): But we will be interrogating the investment committee in an entirely different area. I take it we will discuss with them the investments which have been made by them.

The CHAIRMAN: Then why are we discussing clause 6 under this clause?

Mr. MARTIN (*Essex East*): Because we want to find out from this particular clause whether or not the impositions which are proposed are unfair to the workers and employers.

The CHAIRMAN: You have mentioned that before.

Mr. MARTIN (*Essex East*): I know I have, but I am repeating it again because it requires repetition.

The CHAIRMAN: Is it agreed that clause 12 stands?

Mr. MARTIN (*Essex East*): Just a moment. I am speaking.

The CHAIRMAN: I should have known better than to ask you a question.

Mr. MARTIN (*Essex East*): I do not think we could deal with that aspect of the question which is the fundamental issue of this whole bill unless we have from the actuary the basis on which he has proceeded. These questions I am asking are directed toward that end. You reminded us that we have the actuary here and also the officials of the Unemployment Insurance Commission, and that we should take advantage of their presence. They are the men, you said, who can give us the answers to some of the questions.

The CHAIRMAN: I said we have them here to answer questions if they relate to the clause we are discussing, not to wander all over.

Mr. MACLEAN (*Winnipeg North Centre*): Mr. Caron said these clauses are related. Therefore, I move we stand clause 12.

The CHAIRMAN: It is moved and seconded that we stand clause 12 along with clause 6.

Mr. McMILLAN: Will we have the actuary back another time?

Mr. STARR: He will be here all the time.

The CHAIRMAN: It has been regularly moved that the clause be stood.

Mr. MARTIN (*Essex East*): I will agree to that, but—

The CHAIRMAN: Just a moment. It has been moved by Mr. MacLean, seconded by Mr. Browne. You have heard the motion. Are you ready for the question?

All in favour?

Mr. CARON: Just a moment. It is a debatable motion. We have the right to debate the motion. If Mr. Martin wants to say something before you take a vote on it he has the right to do so because of the rules of the committees of the house and you have to abide by them the same as any other member.

The CHAIRMAN: Nothing is going to be taken away from you. You will have the opportunity. The motion is moved and seconded.

Mr. MARTIN (*Essex East*): On a point of order—a point of order is always in order, Mr. Chairman.

The CHAIRMAN: Not with you.

Mr. BENIDICKSON: That certainly establishes your partiality.

Mr. MARTIN (*Essex East*): Yes. In the chairmanship of this meeting it is certainly shown that a point of order raised by me is never recognized.

The CHAIRMAN: Because you are never in order.

Mr. MARTIN (*Essex East*): How can you put a motion when there has been no motion put before us?

The CHAIRMAN: The motion has been moved by Mr. MacLean and seconded by Mr. Browne, and I am putting the motion that has been moved and seconded. If you want to talk on the question, this is your opportunity.

Mr. MARTIN (*Essex East*): No, I do not.

The CHAIRMAN: All right. The motion has been put. All in favour? Those against?

(Clause 12 stands).

Clause 13.

Mr. MARTIN (*Essex East*): Just a minute. I should like to ask the actuary if he made a report to the unemployment insurance commission.

The CHAIRMAN: What clause is this under?

Mr. MARTIN (*Essex East*): Wait until we see what his answer is.

The CHAIRMAN: We are talking under clause 13.

Mr. MACLEAN (*Winnipeg North Centre*): Would you read the explanation?

Mr. MARTIN (*Essex East*): I put a question to the actuary.

The CHAIRMAN: On what clause are you putting it?

Mr. MARTIN (*Essex East*): On clause 13, of course. I have asked the actuary if he made a report to the unemployment insurance advisory commission.

Mr. MACLEAN (*Winnipeg North Centre*): On clause 13?

Mr. MARTIN (*Essex East*): No, I did not say, did he make a report on clause 13.

The CHAIRMAN: Let Mr. Martin ask his question.

Mr. MARTIN (*Essex East*): Thank you, Mr. Chairman; that is very helpful. I am asking the actuary, on clause 13, if he made a report to the unemployment insurance advisory commission last summer.

Mr. HUMPHRYS: Yes.

Mr. MARTIN (*Essex East*): Could we have that report?

Mr. HUMPHRYS: It is not within my power to distribute it; it is a matter for the advisory committee. I made a report to the committee.

Mr. MARTIN (*Essex East*): You mean, we would have to ask the advisory committee—the chairman would have to get authority from the advisory committee?

Mr. MACLEAN (*Winnipeg North Centre*): It is a question for this committee to decide.

Mr. MARTIN (*Essex East*): No; the witness said he would have to get the authority of the advisory committee: is that not the answer you gave?

The CHAIRMAN: Mr. Martin, if you are working up to the old theme that you have been following here right along, about the advisory committee having to appear—it is not.

Mr. MARTIN (*Essex East*): Mr. Chairman, these interpolations from you are always interesting, but they are not always to the point. Mr. Humphrys has said he did make a report to the advisory committee, but that he could not table that report without their permission.

Mr. HUMPHRYS: I am informed that the report has been tabled in the house.

Mr. MARTIN (*Essex East*): Could I see it?

The CHAIRMAN: You have a copy of it there.

Mr. MARTIN (*Essex East*): No, I have not a copy of it here. I have most other things, but not that.

The CHAIRMAN: I know you have: you have plenty of nerve with it.

Mr. MARTIN (*Essex East*): Would you repeat that?

The CHAIRMAN: I said, you have plenty of nerve to go with it.

Mr. MARTIN (*Essex East*): That will be a test of your impartiality.

The CHAIRMAN: I know—it stands out.

An hon. MEMBER: I wonder if we could have the explanation of section 13 read?

Mr. STARR: Mr. Chairman, section 13 has to do with the extension—

Mr. MARTIN (*Essex East*): Just a minute; I asked a question of Mr. Humphrys.

Mr. STARR: I was addressing the chairman.

Mr. MACLEAN (*Winnipeg North Centre*): He is running the show.

An hon. MEMBER: Go ahead, Paul, give us the "go ahead".

Mr. MARTIN (*Essex East*): All right.

An hon. MEMBER: It is all right now, Mr. Chairman; Mr. Martin says it is all right.

Mr. STARR: May I go ahead, Mr. Martin?

An hon. MEMBER: I think we should move a vote of thanks to Mr. Martin for allowing us to proceed.

Mr. STARR: Clause 13 deals with the extension of the benefit period from 36 weeks to 52 weeks.

Mr. MACLEAN (*Winnipeg North Centre*): Thank you for your explanation.



Mr. BENIDICKSON: That is fine, but why are we not following the regular procedure: it should be on the record.

Mr. MACLEAN (*Winnipeg North Centre*): You should have it there.

Mr. BENIDICKSON: It is not on the record.

Mr. MCGREGOR: Prior to the 1955 revision of the act the maximum possible duration of benefit allowable in respect of one benefit period was 52 weeks. Under the formula applicable at that time, a claimant could qualify for the maximum of he had paid contributions for five full years and had drawn no benefit within the three years immediately preceding his claim.

In 1955 the maximum was reduced to 36 weeks, as the records showed that during the five years 1949 to 1953 only a small percentage of the claimants (less than five percent) had drawn benefit for more than 30 weeks. Under the revised formula introduced in 1955 a claimant could qualify for the maximum of 36 weeks if he had 72 or more contribution weeks in the 104 weeks immediately preceding his claim.

The amendment now proposed provides for restoring the maximum of 52 weeks. It is considered that the additional cost to the fund will not be large, in view of the small numbers who are unemployed for as long as a year, and the provision will give additional protection to those who do fall in this category.

Mr. CARON: You stated there that between 1949 and 1953 there was less than 5 per cent who had drawn benefit for more than 30 weeks. In the last two years, was that increased a lot?

Mr. MCGREGOR: In the benefit period that ended during the calendar year 1957, the number of claimants paid 36 weeks was 2.3 per cent, and on the basis of the claims that terminated during the first three quarters—three calendar quarters—of 1958, it was 6.4 per cent.

Mr. CARON: You have no figures to show what the payment had been for the 52 weeks?

Mr. MCGREGOR: No.

Mr. CARON: You did not calculate what it would cost to the fund?

Mr. MCGREGOR: No, because we would not know how many persons had been unemployed 52 weeks. Those persons entitled to 36 weeks did not come back after the 36 weeks, so we could not calculate the amount of unemployment, in addition to the 36 weeks, those people had.

Mr. BENIDICKSON: Do I understand that your latest figures relate to the first three quarters of 1958?

Mr. MCGREGOR: Three quarters of 1958—the total of the three quarters.

Mr. BENIDICKSON: But you can provide us with no information beyond the third quarter of 1958?

Mr. MCGREGOR: It is not available yet.

Mr. MACLEAN (*Winnipeg North Centre*): I wonder, Mr. Chairman, if there had been many strong representations against the extension of this period.

Mr. STARR: The Canadian Labour Congress and the C.C.C.L., who always present briefs to us, have advocated this extension ever since the amendment went through in 1955 reducing it to 36 weeks.

Mr. ARGUE: I wonder if I may ask whether any particular date of the coming into effect of this act has any particular bearing on the benefits that might be derived from an extension of the period? In other words, we have heard a lot about—at least, I have, since I became a member of this committee—a need for hurry. I want to know if there is any substance to that suggestion?

Mr. STARR: Mr. McGregor can probably speak on behalf of the commission in this regard. They have been advocating a certain deadline on this.

Mr. MACINNIS: I think the need for hurry was mentioned in respect to the speed with which this committee is getting its work through.

The CHAIRMAN: Mr. McGregor can answer the question.

Mr. MCGREGOR: It was the commission's plan to have these amendments take effect from 28 June for these reasons:

1. So that those who will become eligible for the higher rates of benefit may have an opportunity to qualify for those higher rates next winter.
2. To give immediate advantage of the increase in allowable earnings to persons whose claims are active on the effective date.
3. To give immediate advantage of the increase in the maximum duration to those persons whose claims are eligible for such increase.

If the amendments cannot go through and be given royal assent by 12 June, it will be necessary to postpone the effective date until 27 September because changes in rates should become operative at the beginning of a calendar quarter; otherwise, employers who record their employees' contributions quarterly are faced with dividing these postings into two groups, i.e. old rates and new. Also employers who pay by the bulk payment method would be required to complete contribution certificates for separating employees showing the old rates for one part of a quarter and the new rates for the remainder. Both of these operations throw a good deal of additional work on employers and would result in numerous errors in contribution records.

Mr. ARGUE: Did you say the bill would have to go through by June 12?

Mr. MCGREGOR: That is correct.

Mr. ARGUE: I do not know the answer to this. Why would it have to go through by June 12 in order to become effective June 28: why should it not go through June 25?

Mr. MCGREGOR: Because we cannot send any information or bulletins to employers telling them of new rates that are going to start tomorrow. That would create chaos.

Mr. ARGUE: You would require two weeks?

Mr. MCGREGOR: At least.

Mr. MARTIN (*Essex East*): Can you explain to us why this bill was brought down so slowly by the government?

Some hon. MEMBERS: No, no.

Mr. STARR: I forget the date when the bill was brought in, but it was very late.

Mr. MARTIN (*Essex East*): We asked for this in January.

Mr. STARR: Mr. Chairman, if I might explain, since the member for Essex East has asked the question, it entailed a great deal of work and a great deal of study, and whatever delay has been caused, as the hon. member said, it has been through an effort to bring in the bill in a shape that it is in now. The committee has worked hard and diligently, and I would not blame them for any delay.

Mr. MARTIN (*Essex East*): We are talking about the government responsibility.

Mr. STARR: The government introduced the bill and is not responsible for the delay.

Mr. MARTIN (*Essex East*): This bill was announced in the speech from the throne and we asked for a presentation of the bill in the first ten days of the session.

Mr. STARR: It was not ready.

Mr. MARTIN (*Essex East*): It was not ready? Oh, I see.

Mr. BROWNE (*Vancouver-Kingsway*): When are we going to get to the discussion?

Mr. ARGUE: I have a further question, if I might be allowed to ask it.

The CHAIRMAN: Proceed.

Mr. ARGUE: If the amendments had not taken effect on June 28, you are then suggesting they could only take place at a period three months later. If the benefits cannot be made available until the end of December, does it then follow that the higher rates of deduction will not also go into effect until the further three months have elapsed?

Mr. MCGREGOR: That is correct.

Mr. ARGUE: So if the benefit is delayed for three months, the whole thing will be delayed for a period of three months?

Mr. MCGREGOR: Yes, the whole thing.

Mr. CARON: Mr. McGregor, you said a while ago you had no calculation for the two last years with regard to those who would have gone for 52 weeks. Then how did you come to figure out \$11 million for that?

Mr. MCGREGOR: That would be a question for the actuary to answer.

Mr. HUMPHRYS: I based that calculation on two general bodies of data.

One body I derive from statistics under the old act, and another on the basis of certain samples, special samples, that were taken for the purpose of calculations, and on statistics that we have under the present act. I made calculations that projected the claims experience in the present benefit periods and arrived at what I think is a fair estimate of the extent to which this increase would affect the benefit load.

It requires an estimation of the rate of going off claim. By means of following the experience in the first 36 weeks it is possible to project that and arrive at an estimate of what the additional claims would be had there been a longer authorization.

Mr. CARON: That would constitute, as is seen on page 6, 3½ per cent.

Mr. HUMPHRYS: Yes.

Mr. CARON: When it was before, as was said by Mr. McGregor, about five per cent. So if it would be five per cent instead of 3½ per cent that would make a change in the figures?

Mr. HUMPHRYS: Yes. I made my calculations on the basis of the data from the old act on the basis of the data I had last year.

If one uses different data, I suppose it is reasonable to conclude that you might get a different answer. But I think within the limits of the calculation, this is as good an estimate as I could make of the possible extra cost. This is consistent with the five-year period I used for my general calculation.

Mr. CARON: If it would come to five per cent, then it would increase that from about 11 to 16 million. Then we would be short of about 5 million.

Mr. HUMPHRYS: It is not completely possible to say, sir, because the figures we have seen in the benefit periods terminated in 1958—the figures that Mr. McGregor quoted—show the number who drew 36 weeks. Then the year 1958-59 showed heavy unemployment, but it is still too early for me to be able to tell the character of this unemployment: it may be a lot of people for a short time or a few people for a long time; and until we have the data for the whole year I am not able to say whether the experience of this additional year would change my calculation.

Mr. CARON: It is not at all impossible it would go up to 15 million or 16 million?



Mr. HUMPHRYS: I would not think that range was impossible, no sir. This attempts to be an estimate of the effect on the average. In a bad year it might swing up to 15 million or 16 million; and in a good year it might swing down to 5, 6 or 7 million.

Mr. BENIDICKSON: In a good year it might swing down, but your figures were for the calendar year 1957?

Mr. MCGREGOR: Yes, for the benefit periods that ended that year; it was the calendar year 1957.

Mr. BENIDICKSON: What was the percentage that went to the maximum entitlement of 36 weeks?

Mr. MCGREGOR: It was 2.3 per cent.

Mr. BENIDICKSON: That is an impressive answer to the representations we have had, that a great number of people loaf on the unemployment insurance, and would like to take the maximum benefits under it.

In other words, if you have a reasonably good year of employment, that figure establishes the fact very few have gone the full limit of their unemployment insurance entitlement, is that correct?

Mr. MCGREGOR: Not altogether.

Mr. BENIDICKSON: I suppose that there are some not entitled to 36 weeks, but might, notwithstanding that, go to the full entitlement for a lesser amount?

Mr. MCGREGOR: Yes.

Mr. MARTIN (*Essex East*): The result is that most of the contributors are being called upon to pay for longer period of benefit than they are likely to need, is that right, Mr. McGregor?

Mr. MCGREGOR: What is that again?

Mr. MARTIN (*Essex East*): The result of all this is then—in relation to the questions Mr. Benidickson has been through—that most of the insured contributors are called upon to pay for a longer period than the great majority are likely to need?

Mr. MCGREGOR: The actuary's calculation of 3½ per cent is included in the recent increase suggested.

Mr. BENIDICKSON: But is that not true of any insurance policy? It is up to those insured to have something to say about what they want to pay for it, what risks they want to be protected against. I would think the majority of people probably want to be healthy, but they will have health insurance and sometimes would agree to having a longer hospital entitlement under a change of policy.

Mr. BELL (*Saint John-Albert*): The assessment of a risk is always a particularly nebulous matter.

Mr. SIMPSON: Is it not true that the greatest percentage of contributors under the whole plan are ones that have never benefited—the whole area of the plan?

Mr. BENIDICKSON: You have a pretty expensive premium if that is not so. The people that reap the benefit in large part, are the insured people—except for the unorganized labour. Organized labour have expressed a desire to have this.

Mr. MARTIN (*Essex East*): I am not quarrelling with the section, but I am just asking Mr. McGregor a simple question. The conclusion is irresistible that it is the vast majority of insured workers who will be called upon to pay for longer benefits, which they will never have an opportunity of receiving.

Mr. MCGREGOR: That is right.

Mr. BELL (*Saint John-Albert*): That is no different than it is today.

Mr. MARTIN (*Essex East*): It is a new provision.

Clause 13 agreed to.

On clause 14.

The CHAIRMAN: You have been pretty good tonight, gentlemen.

Mr. BROWNE (*Vancouver-Kingsway*): Are we going to continue?

The CHAIRMAN: We will be glad to.

Mr. MARTIN (*Essex East*): I thought the proceedings were to go to 8.30.

The CHAIRMAN: The meeting was for seven to eight-thirty, and if you want to carry on that will be all right with me.

Mr. MARTIN (*Essex East*): When it is time for you to go home we are always ready to work.

Mr. MACINNIS: Strike that off the record. We are going to try you out again.

Mr. MARTIN (*Essex East*): We are not complaining although it is Wednesday night.

The CHAIRMAN: Do you want to go on? If you do, it is all right with me.

Mr. McDONALD (*Hamilton South*): I suggest we can get three or four more sections through in the next ten minutes.

Mr. MARTIN (*Essex East*): Is this section 14?

The CHAIRMAN: Yes.

Mr. STARR: Mr. McGregor will give an explanation on that.

Mr. MCGREGOR: Seasonal benefit is payable in respect of periods of unemployment between the week in which 1st December falls and the week in which the following 15 May falls. A claimant who is unable to satisfy the contribution requirements to qualify for regular benefit may qualify for seasonal benefit if (a) he has to his credit at least 15 contribution weeks since the end of the previous March, or (b) he had a regular benefit period terminated since the middle of the previous May. In the first case the contribution requirement is substantially reduced from that for regular benefit. In the second case, the seasonal benefit period is similar to an extension of the immediately preceding regular benefit period.

The effect of the amendment is that when a claimant makes a claim for regular benefit and fails to qualify it will be first ascertained whether he is able to fulfil the requirements in paragraph (a) that of having 15 contribution weeks since the end of the previous March. If he does, he will be entitled to seasonal benefit under that paragraph. Only on his failing to meet that requirement will it be ascertained whether he qualifies for seasonal benefit under paragraph (b) by having had a regular benefit period end since the middle of the previous May. It was intended that this paragraph be in the alternative but the wording is not clear enough to remove all ambiguity.

As the section now reads, it is open to question whether a claimant has a choice of the basis on which he may qualify for seasonal benefit. With this in mind, the commission has endeavoured to grant him the benefit that seemed more favourable to him. This cannot be determined with any degree of accuracy. For example, a claimant with a dependant may qualify for 13 weeks' benefit at \$26 a week under paragraph (a), giving him a total entitlement of \$338. He may also qualify under paragraph (b) for 15 weeks' benefit at \$24 a week, giving him a total entitlement of \$360. The latter appears more favourable to him. However, if after drawing benefit for five weeks at the rate of \$24 he again becomes employed, he will have drawn only \$120 in benefit, whereas if he had drawn benefit for five weeks at the \$26 rate under paragraph (a) he would have been paid \$130.

Besides resulting in misunderstandings on the part of claimants, this attempt on the part of the commission entails a great deal of work. Moreover, a claimant's contributions should be used first in establishing any entitlement and only on failure in that regard should the second test be resorted to.

Mr. MACLEAN (*Winnipeg North Centre*): It is simply a clarification.

Mr. MCGREGOR: Yes.

Mr. BENIDICKSON: It is more than that; it is a reduction in choice at the first stage.

Mr. MCGREGOR: A sort of Hobson's choice.

Mr. BENIDICKSON: You receive some abuse from claimants based on hind-sight when a person finds the other alternative might have been a few dollars more.

Mr. MCGREGOR: It covers the case where a fellow could come in and get five weeks at \$24 and then comes back to us and wants it on the \$26 basis.

Mr. BENIDICKSON: He is always asserting he did not make a voluntary choice because he asked for advice and considered he was guided by officials at the office.

Mr. MCGREGOR: Yes.

Mr. BENIDICKSON: I do not think the officials should have an undue proportion of that responsibility.

Clause 14 agreed to.

Mr. MARTIN (*Essex East*): Would the chairman give us an outline of the future meetings he has arranged?

The CHAIRMAN: Are you prepared to quit, or do you want to go on? We are at your pleasure.

Mr. MARTIN (*Essex East*): It is not that. It is just that we have been coming to the meetings and we have not been told too often ahead of time what the schedule is for future meetings.

The CHAIRMAN: We have a meeting tomorrow morning at 9.30 in the railway committee room.

Mr. MACLEAN (*Winnipeg North Centre*): Has the steering committee made any further decisions?

The CHAIRMAN: I went ahead and made some arrangements because I was pushed for time. I had two committees to meet today and to speed things up I took care of the steering committee's task. I told Mr. Patterson of the Committee's decision for them to appear on Friday morning and I have been informed that the Interprovincial Farm Union will be here. Then on Tuesday morning it is agreed that Mr. Coyne and Mr. Cushing will be here. Mr. Taylor, who is out of town, will be back on Monday, and we have made an appointment for him to come with the others on Tuesday morning.

Mr. MACLEAN (*Winnipeg North Centre*): Will that be at 9.30?

The CHAIRMAN: The time will be 9.30, but I could not set it until tonight. However, I told them I would notify them in connection with the time. That is as far as I have gone at the present time.

Mr. BENIDICKSON: Tomorrow we will proceed with the sections of the bill that have not been stood, and even those sections that have not been stood will not be dealt with until after we examine the investment committee. Presuming that we do carry all the other sections tomorrow, that might not be stood tomorrow, we would do nothing but examine the farm representation on Friday.



The CHAIRMAN: Well, I have asked them to come. I cannot ask them to come if you are going to close it out.

Mr. MARTIN (*Essex East*): Are there any communications which have been addressed to the chair that we ought to know about?

The CHAIRMAN: No, with the exception of one which came in today from Mr. Burt.

Mr. MARTIN (*Essex East*): George Burt?

The CHAIRMAN: Yes. I will read it to you. It came in late tonight.

Deeply concerned about proposals made to your committee by Honourable Michael Starr concerning amendments to Unemployment Insurance Act stop. As a former member of unemployment insurance advisory committee I am fully aware of the discriminatory result of such proposals upon insured population if they are put into effect stop Urge your serious consideration of proposals made by Canadian Labour Congress to your committee recently most of which have been supported by opposition members of your committee.

And it is signed by George Burt.

Mr. MARTIN (*Essex East*): He is the director of the united automobile workers?

The CHAIRMAN: He does not sign it as such.

Mr. MACINNIS: Is he the fellow that quit labour?

Mr. MARTIN (*Essex East*): No, that is an unfair statement to make. He is a strong advocate of labour.

Mr. MACINNIS: Where is the telegram from?

The CHAIRMAN: Toronto.

Mr. CARON: Could we go ahead with the bill for a few more minutes?

The CHAIRMAN: If you wish to proceed it is all right with me.

Mr. BELL (*Saint John-Albert*): I want to say something in respect to Mr. Burt's telegram. I do not think we should get into any discussion on it, but we sense some of the implications that he has left in that telegram. It is to the effect that only the opposition members of this committee have given consideration to the brief of the Canadian Labour Congress.

Mr. MACINNIS: I see no reason why this wire should be read into the record. I think it should be struck off the record. We cannot accept wires from individuals all over the country who wish to send them in to get them on the record. I do not think this wire should be placed on the records of this committee.

Mr. MARTIN (*Essex East*): It is on the record now. It is a most unusual request which you have made.

Mr. MACINNIS: What is unusual about it?

Mr. STARR: I think it is all right to have this on the record. Mr. Burt is objecting to all proposals of this bill.

Mr. McDONALD (*Hamilton South*): Yes, he is objecting to the whole bill.

Mr. MARTIN (*Essex East*): He has taken a similar position to that of the able representatives on the advisory committee.

Mr. STARR: The hon. member for Essex East recommended some of these proposals and Mr. Burt is objecting to all of them.

Mr. BENIDICKSON: I was wondering if anyone could give an estimate of how long it would take to complete probably all the sections of the bill with the exception of section 15 which appeals to me; it is the allowable earning

section and I think it is probably related to the benefits and contributions sections which have been stood. I thought if we could make some progress we might carry on.

The CHAIRMAN: Is it your suggestion that we allow section 15 to stand and proceed with the rest?

Mr. BENIDICKSON: Yes, if there is nothing too controversial about them.

The CHAIRMAN: Is it agreeable that clause 15 stand?

Agreed.

On clause 6.

Mr. BENIDICKSON: Could we have an explanation on this clause?

Mr. MCGREGOR: The regulations made under subsection (3) of section 57 deal with matters such as unemployment during farming off-seasons, unemployment while on relief, unemployment on Sunday and on Saturday—Sabbath. In all these cases, and in any other cases that could be regulated under the subsection, the commission's discretion has been unduly constricted through the commission's being forced to provide that the claimant is deemed to be both unemployed and available for work without any evidence on his part that he was so unemployed and available. If this section is amended as suggested, it would provide much more flexibility, and regulations could, therefore, be made without deeming the claimant to be both unemployed and available when the relief that it is desired to grant relates to only one of these conditions.

Mr. BENIDICKSON: This relates to the beneficial section of the insured?

The CHAIRMAN: Does clause 16 carry?

Carried.

Clause 17?

Mr. DUBUC: This clause is linked with clauses 19, 20 and 21. Unfortunately, the order of the clauses is not happy. To understand how they are linked together, we should start first with clause 20.

Mr. BENIDICKSON: Perhaps the committee might consent to dealing with them in that way.

Mr. DUBUC: The order should be 20, 21, 17, and 19.

The CHAIRMAN: Do you want to have all those clauses considered together? Is it agreed?

Agreed.

Mr. DUBUC: Clause 20 is the first one to which the others are related. It describes the kind of false statement which constitutes an offence under the act. There are two kinds. Perhaps I should read them.

Every person is guilty of an offence who (a) in relation to any claim for benefit, makes a statement or representation that he knows to be false or misleading; or (b) being required under this act or the regulations to furnish information, furnishes any information or makes any representation that he knows to be false or misleading.

Before the 1955 revision there was a section in the act which provided for an offence of that type, but it was dropped and the commission was empowered to make regulations instead.

Non-compliance with the regulations would be an offence. We found, however, that many courts objected to a prosecution brought for a mere breach of the regulations. They thought it should be put in the act. So we are putting it in the act now, and it incorporates what we had in the regulations. There has been no change.

Mr. BENIDICKSON: There is no change in the definition of the offence?

Mr. DUBUC: No. A prosecution based on the proposed section must establish not only that the statement was false but that the person making it knew that it was false. That is clause 20.

The CHAIRMAN: Does clause 20 carry?

Agreed.

Mr. DUBUC: Clause 21 provides that if a prosecution is undertaken under that section than no disqualification can be made under another section which is 65. If you take one you cannot take the other.

Mr. BENIDICKSON: Conceivably you would have laid charges under both sections.

Mr. DUBUC: We can now, but we do not do it.

Mr. BENIDICKSON: But under the amendment you must choose your alternatives?

Mr. DUBUC: Yes.

The CHAIRMAN: Is clause 21 agreed to?

Agreed to.

Mr. DUBUC: Under clause 17 the main amendment to 65, which is now in the act, is that recourse to the punitive disqualification that is provided there shall only be made in the same circumstances which would justify the laying of a charge under 106-A. Also it provides the same thing. If you disqualify, you cannot prosecute.

The CHAIRMAN: Is clause 17 agreed to?

Carried.

Mr. DUBUC: Clause 19 amends section 103 of the act. That section is the one which contains the general principle that a person must repay the moneys he received while he was not entitled to that money. The amendment, however, is concerned only with the exception. The exception which is now attached (and there is no change) is that a person does not have to repay benefits he received if by error he was considered as having made contributions, the contribution requirements having been met and if there was no false statement. Now it reads: If he did not commit an offence under 106-A in the opinion of the officers; so the only change is the reference to section 106-A.

Clause 19 agreed to.

On clause 17.

Mr. McMILLAN: Are there many prosecutions under the act?

Mr. DUBUC: Yes; there are about 1,000 a year.

Mr. CARON: Under this act, if a man by inadvertence received more than he should have received and is not in a position to reimburse it completely in one payment, is there any provision for extending the payments over a period, in smaller payments.

Mr. MCGREGOR: The instructions are that in asking for repayment there is due regard given to the present circumstances of the individual and repayment is almost always accepted in installments.

Mr. CARON: Always?

Mr. MCGREGOR: Always, depending on the circumstances.

Mr. CARON: The commission has the right so to do?

Mr. MCGREGOR: Yes; we have always followed that policy.

Mr. BENIDICKSON: In making prosecutions do you engage your own special prosecuting attorney or do you use the provincial officers?



Mr. DUBUC: They start first with the investigating staff of the commission. If there is a plea of not guilty, an agent of the Department of Justice is secured.

Mr. CARON: Have they the right of appeal if they are convicted when prosecuted?

Mr. DUBUC: Oh, yes.

Clause 17 agreed to.

On clause 18.

Mr. DUBUC: Clause 18 is merely in reference to a section put in by mistake some time ago. It was carried forward from the old act and it should not be there.

Clause 18 agreed to.

On clause 22.

Mr. CARON: This was explained a while ago.

Mr. DUBUC: No; it is a section which deals with the evidence value of certain documents of the commission.

Mr. MARTIN (*Essex East*): Is this based on a court decision?

Mr. DUBUC: No; we found that when the act was first made there were two or three other acts involved which were not spelled out, so the amendment is to describe all the others. It is just a clarification. The second subsection of section 115 is a provision to bring into the act what we now have in the form of a regulation. It is a presumption that the person to whom we mail the notice received it. The courts again say that should be in the act.

Mr. MACLEAN (*Winnipeg North Centre*): It is the same thing in the act.

Mr. DUBUC: Yes.

Mr. MARTIN (*Essex East*): On whom does the onus rest?

Mr. DUBUC: We file a certificate. It is mailed and if the person says he did not receive it we have to prove it fully.

Mr. CARON: The commission has to prove it?

Mr. DUBUC: We start by filing the certificate.

Mr. CARON: If he claims he is not guilty, then it is up to the commission to prove it?

Mr. DUBUC: If he says he did not receive the letter we have to prove it.

Clause 22 agreed to.

On clause 23.

Mr. CARON: We will have to leave this until we have the other information. There will not be any argument on this.

Mr. MARTIN (*Essex East*): Mr. Humphrys was kind enough to let me have this report to the unemployment insurance advisory committee. I have examined it carefully. It does not seem to be the report to which I am referring. The report to which I am referring is referred to in the report of the unemployment insurance advisory committee tabled in the house for the meeting of the committee that was convened on August 19, 1958. I find the following in one of the paragraphs at the top of the page:

The committee wishes to reserve its opinion on the "Benefit Formula Proposal" of July 24, 1958, until the commission, and actuary, have had more opportunity to give it careful consideration in the light of further experience with the existing act.

I am referring to that report of the actuary.

An hon. MEMBER: What is this report?

Mr. MARTIN (*Essex East*): This was tabled in the house. May I ask the actuary if we may have that report?

Mr. HUMPHRYS: I would have to seek the guidance of the chairman of the committee.

Mr. MARTIN (*Essex East*): Of the advisory committee?

Mr. HUMPHRYS: No, of your committee or of the advisory committee. I made a report to the advisory committee, and I am little embarrassed. I am not sure whether it would be proper for me to pass copies around without some direction from the advisory committee to whom I made the report.

Mr. MACLEAN (*Winnipeg North Centre*): Is this something the chairman of the steering committee could look into?

Mr. MARTIN (*Essex East*): No; he has tabled one report, and there is no objection to that.

Mr. MACLEAN (*Winnipeg North Centre*): It is a question of propriety.

Mr. MARTIN (*Essex East*): I am asking for a report that was provided to the committee, when they said they wished to reserve their opinion until the actuary made his report. I am referring to that report. Now Mr. Humphrys says, understandably, that before tabling that report he ought to get guidance. I am saying—since he has tabled that report—that Mr. Humphrys ought to be allowed to table the other report.

Mr. BROWNE (*Vancouver-Kingsway*): That was a report tabled in the house, the one he has given you now.

Mr. MARTIN (*Essex East*): No; this report was never tabled in the house.

Mr. BROWNE (*Vancouver-Kingsway*): I understood Mr. Humphrys to say that.

Mr. MARTIN (*Essex East*): No; the report tabled in the house was the report of the advisory committee itself. I am not asking for that report; we have had that.

Mr. BROWNE (*Vancouver-Kingsway*): But the report you have before you now—did Mr. Humphrys not say that was tabled in the house?

Mr. MARTIN (*Essex East*): No; that was tabled in this committee. I do not recall its being tabled, but here it is.

Mr. STARR: I just want to say to Mr. Martin that the report that has been given to him now was tabled as a statutory report from the unemployment insurance advisory committee, addressed to the governor in council, and it was tabled in the house in accordance with the provisions of the act.

Mr. MARTIN (*Essex East*): What about the report referred to here, the report of the actuary which is referred to in the report to parliament of the unemployment insurance advisory committee for the meeting convened on August 19, 1958, and referred to as being in existence in the body of that report? That is the one I am now referring to.

Mr. MACLEAN (*Winnipeg North Centre*): Seeing that Mr. Humphrys made this report to the advisory committee, I submit it is a decision for the advisory committee to make, because there is a question of propriety here with regard to whether or not the report should be produced.

Mr. MARTIN (*Essex East*): This report I have in my hand, that was given to the committee, is a report likewise made to the unemployment insurance advisory committee.

Mr. MACLEAN (*Winnipeg North Centre*): In the house?

Mr. MARTIN (*Essex East*): Here.

The CHAIRMAN: It was tabled in the house.

Mr. MARTIN (*Essex East*): No, it was never tabled in the house.

Mr. MACLEAN (*Winnipeg North Centre*): According to the statement.

Mr. MARTIN (*Essex East*): You are wrong there.

Mr. HUMPHRYS: The copy of the report I gave to you tonight was tabled in the house.

Mr. MARTIN (*Essex East*): Was the other report tabled in the house?

Mr. HUMPHRYS: Not to my knowledge.

Mr. MARTIN (*Essex East*): Is that report available now: is it ready?

Mr. HUMPHRYS: I have made no report to the advisory committee since their meeting of August 19.

Mr. MARTIN (*Essex East*): Since we have had this report made to the advisory committee, I think it is very important, in view of the statement, that we have that report, and—

Mr. MACLEAN (*Winnipeg North Centre*): I suggest that this is a matter for the steering committee to take up with the advisory committee.

Mr. BELL (*Saint John-Albert*): Mr. Martin just said, by his own words, that he appreciates Mr. Humphrys should be entitled to guidance in this matter. Cannot we leave it there, and adjourn for the evening, after a very successful round of activities.

Mr. MARTIN (*Essex East*): Let us make sure we have a very successful round of activities by acceding to this very fair request.

Mr. MACLEAN (*Winnipeg North Centre*): Certainly, Mr. Humphrys was under no obligation to make a report to the committee; he was under an obligation to make it to the advisory committee, and it was up to the advisory committee—

Mr. BROWNE (*Vancouver-Kingsway*): Shall we adjourn?

Mr. MARTIN (*Essex East*): There is no motion for adjournment. I ask for production of that document. Do you want me to move that, Mr. Chairman?

The CHAIRMAN: Yes, you move it and we will decide.

Mr. MARTIN (*Essex East*): I move that the report made by the actuary to the unemployment insurance advisory committee—that we be allowed to see the report made by the actuary and referred to in the report of the unemployment insurance advisory committee tabled in the House of Commons. It is the report of the unemployment insurance advisory committee of August 19, 1958.

The CHAIRMAN: Can we get that in writing, Mr. Martin?

Mr. MACLEAN (*Winnipeg North Centre*): Is this on the motion?

The CHAIRMAN: Yes, let us take it down.

Mr. MACLEAN (*Winnipeg North Centre*): I think it is pretty clear.

The CHAIRMAN: Can I get it in writing, Mr. Martin?

Mr. MARTIN (*Essex East*): I move for production of the report of the actuary. I move that we have produced the report of the actuary referred to in the report made by the unemployment insurance advisory committee of August 19, 1958, which was tabled in the House of Commons by the Minister of Labour.

The CHAIRMAN: Who seconds it?

Mr. CARON: I do.



The CHAIRMAN: It is moved and seconded that we have produced the report of the actuary referred to in the report of the unemployment insurance advisory committee of August 19, 1958, which was tabled in the House of Commons by the Minister of Labour.

Motion negatived.

Mr. MARTIN (*Essex East*): Are you denying it to us?

Mr. BROWNE (*Vancouver-Kingsway*): I move the adjournment.

Mr. MACINNIS: I second it.

The CHAIRMAN: There is no meeting tomorrow morning because we are as far as we can go until we hear from the Investment Committee on Tuesday on the stood clauses which we cannot proceed with now. The Farm organization will be heard Friday morning as previously stated.

Mr. MARTIN (*Essex East*): Mr. Chairman, it is fortunate we are not meeting tomorrow.

Mr. BELL (*Saint John-Albert*): We have adjourned; there is no longer a quorum in the room.

The CHAIRMAN: Will you take notice the meeting is cancelled for tomorrow morning?

Mr. CARON: The next meeting is on Friday morning at 9:30?

The CHAIRMAN: Yes, the next meeting is on Friday morning. Thank you for your co-operation.

—The committee adjourned.



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Canada. Industrial Relations  
Standing Committee on, 1959

HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

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STANDING COMMITTEE  
ON  
**INDUSTRIAL RELATIONS**

*Chairman: R. H. SMALL, Esq.*

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MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9  
(Reprint)

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Bill No. C-43

An Act to amend the Unemployment Insurance Act

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FRIDAY, JUNE 5, 1959

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WITNESSES:

*From the Interprovincial Farm Union Council: Messrs. James Patterson,  
Public Relations Officer; and J. N. Galonsky, Secretary-Treasurer,  
Manitoba Farmers Union.*



STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: R. H. Small, Esq.,  
Vice-Chairman: T. Ricard, Esq.,

and Messrs.

Argue,  
Allmark,  
Beech,  
Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Drouin,  
Grafftey,

Granger,  
Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McMillan,

McWilliam,  
Mitchell,  
Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
Clerk of the Committee.

## MINUTES OF PROCEEDINGS

FRIDAY, June 5, 1959.

(13)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Allmark, Argue, Bell (*Saint John-Albert*), Browne (*Vancouver-Kingsway*), Caron, Grafftey, Granger, Lahaye, MacInnis, MacLean (*Winnipeg North Centre*), Martin (*Essex East*), Mitchell, Pigeon, Ricard, Simpson, Skoreyko, Small, and Smith (*Winnipeg North*).—(18)

*In attendance: From the Interprovincial Farm Union Council:* Messrs. James Patterson, Public Relations Officer, and J. N. Galonsky, Secretary-Treasurer, Manitoba Farmers' Union.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; James McGregor, Director, Insurance Branch, and F. G. Flint, Director of Public Relations.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Chairman introduced Messrs. Patterson and Galonsky and then called on Mr. Patterson who read the brief of the Interprovincial Farm Union Council, copies of which were distributed to members of the Committee.

Messrs. Patterson and Galonsky were questioned.

Moved by Mr. Bell (*Saint John-Albert*), seconded by Mr. MacLean (*Winnipeg North Centre*), that the question of recalling witnesses be left for consideration by the Subcommittee on Agenda and Procedure. Carried *on division*.

At 11.00 a.m., the Committee adjourned to the call of the Chair.

M. Slack,

*Clerk of the Committee.*





## EVIDENCE

FRIDAY, June 5, 1959  
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum and will proceed.

This morning we have with us Mr. Patterson, the public relations officer at Ottawa of the Interprovincial Farm Union Council and with Mr. Patterson we have Mr. Galonsky of the Manitoba Farmers' Union. I would ask these gentlemen to come forward to the table.

Mr. MARTIN (*Essex East*): Mr. Chairman, have you had a request from any other group since our last meeting? Have you had any further representations of any kind from other groups?

The CHAIRMAN: I have a couple of letters and one telegram.

Mr. MARTIN (*Essex East*): Will you tell us from whom they are?

The CHAIRMAN: There is a letter and a telegram from the Winnipeg Chamber of Commerce. There is also a letter from the railway association.

Mr. MARTIN (*Essex East*): The Railway Brotherhood?

The CHAIRMAN: No; the railway association. It is a letter stating their position.

Mr. MARTIN (*Essex East*): Is the letter there?

The CHAIRMAN: Yes.

Mr. MARTIN (*Essex East*): We should have those.

The CHAIRMAN: We will first hear these gentlemen.

Mr. MARTIN (*Essex East*): Just a minute. These things come in and you do not tell us about them unless we ask. That is a very serious violation.

The CHAIRMAN: I am sure it is. I am deeply sorry and I regret it very much.

Mr. MARTIN (*Essex East*): Do you not have a brief from the Railway Brotherhood?

The CHAIRMAN: No.

Mr. MARTIN (*Essex East*): We will receive one before the end of this meeting.

The CHAIRMAN: Mr. Patterson, will you please proceed. Mr. Patterson will read the brief.

Mr. JAMES PATTERSON (*Public Relations Officer, Interprovincial Farm Union Council*): This is a brief from the Interprovincial Farm Union Council on behalf of the farm union organizations including Ontario, Manitoba, Saskatchewan, Alberta and British Columbia.

Mr. CARON: Not Quebec?

Mr. PATTERSON: No, Quebec is not affiliated with the interprovincial farm union council.

Mr. CARON: Thank you.

Mr. PATTERSON: This is the Interprovincial Farm Union Council's submission to the government of Canada industrial relations committee on the subject of unemployment insurance for farm labour. Mr. Chairman and gentlemen.

The Interprovincial Farm Union Council appreciates this opportunity of presenting its views on the subject of unemployment insurance for farm labour.

We wish to state at the outset that we are not unappreciative of the fact that the Unemployment Insurance Commission has given considerable study to the possibility of including segments or the whole of the farm labour force for coverage under the provisions of the Unemployment Insurance Act. We are aware, too, of some of the administrative problems which the commission has indicated may be encountered in extending unemployment insurance to much of the farm labour force as well as a degree of concern over the acceptability to farm people of any system which might eventually be recommended. It is our hope to advance some objective views and recommendations on these matters which we trust will be of assistance to your government and the commission alike.

We have had the opportunity of studying reports on unemployment coverage for farm workers presented by Mr. C. A. L. Murchison of the Unemployment Insurance Commission to the federal-provincial farm labour conferences held in Ottawa in December of 1957 and 1958.

We note that in his 1957 report, Mr. Murchison states that the commission "have never had a request from employers or workers in these groups that they be covered and the question arises whether they would cooperate readily with the administration in the matter of making contributions to the fund and providing . . . such additional information as would be necessary in the administration of the act."

Our organization wishes at once to express its willingness to cooperate with the Unemployment Insurance Commission in every possible manner in this regard.

For the purposes of the record, the subject of unemployment insurance for farm labour has a history in the farm union movement dating back to 1955 when it was first passed in principle by a conference of the Interprovincial Farm Union Council. It was subsequently passed by separate provincial farm unions and presented by the IFUC to the federal cabinet and Minister of Labour in February of 1957. In August of 1957, our views were reiterated to the present Minister of Labour and records indicate that these views were relayed to the Unemployment Insurance Commission itself.

Mr. MARTIN (*Essex East*): Was that a written brief?

Mr. PATTERSON: Yes; in our annual presentation.

The interest of farm people in obtaining some form of unemployment insurance coverage for farm workers has developed to a large degree as a result of advancing social and technological change.

The existence of fringe benefits of various types, including unemployment insurance, for workers in other segments of our economy, places today's farmer in an ever-increasing competitive position in procuring competent farm labour.

The March, 1959, edition of *The Current Review* reports that the agricultural labour force estimates for Canada in January, 1959, are 20.5 per cent below the corresponding estimates for 1953. The report continues that emigration out of agriculture has not taken place evenly over this six-year period, nor has it taken place at the same rate throughout the country.

Indications are, however, that farmers as a whole in Canada are not spending less on farm labour, as is borne out by table I which follows.

Here we have a table of farm labour costs by selected provinces and Canada in thousands of dollars. I understand that the 1959 figures are in the mail from the bureau. Things being as they are, with restrictions on giving any advance information on this, we were not able to get these in

order to incorporate them into our brief. However, they are at the present time in the mail.

TABLE I  
FARM LABOR COSTS BY SELECTED PROVINCES AND CANADA  
(in thousands of dollars)

Year	Canada	Ontario	Manitoba	Sask.	Alberta	B. C.
1948.....	132,183	49,187	11,383	20,046	20,419	8,736
1949.....	135,312	52,704	11,308	20,296	20,422	8,414
1950.....	145,620	58,724	11,922	21,728	22,975	9,554
1951.....	160,210	64,377	12,800	23,601	25,406	11,180
1952.....	173,989	66,743	13,047	26,617	29,983	11,422
1953.....	173,314	67,830	12,632	24,940	28,913	12,113
1954.....	160,818	67,988	10,745	20,223	22,869	12,277
1955.....	162,971	67,842	9,765	20,735	24,170	12,330
1956.....	174,150	73,480	10,550	22,100	25,390	13,000
1957.....	175,378	78,840	9,760	20,200	24,000	12,740
1958.....	N/A					

DBS handbook agricultural statistics—  
Reference paper No. 25, part II.

The schedule of average wages of male help issued for January, 1959, by the dominion bureau of statistics, confirms that farm wages in Canada indicate a gradual upward trend.

TABLE II  
AVERAGE WAGES OF MALE HELP PER MONTH, AS AT JANUARY 15, 1957,  
1958 AND 1959

Province	With Board			Without Board		
	1959	1958	1957	1959	1958	1957
	\$	\$	\$	\$	\$	\$
Maritimes.....	98.00	93.00	100.00	127.00	129.00	120.00
Quebec.....	106.00	103.00	102.00	145.00	139.00	141.00
Ontario.....	105.00	101.00	98.00	143.00	139.00	139.00
Manitoba.....	92.00	91.00	82.00	127.00	126.00 <sup>1</sup>	123.00
Saskatchewan.....	97.00	91.00	82.00	131.00	125.00	112.00
Alberta.....	112.00	109.00	101.00	152.00	143.00	137.00
British Columbia.....	128.00	122.00	118.00	186.00	179.00	171.00
CANADA.....	106.00	101.00	96.00	144.00	139.00	134.00

<sup>1</sup>Revised

It is well recognized that from the rural areas of our nation have come many thousands of persons who have adjusted themselves to urban occupations in our expanding economy. This rural-urban migration has been accelerated by advances in farming methods that have assisted in greatly increasing output per man unit and shrinking the number of farm units. At the same time, mechanized farming today demands greater skills of its workers than was the case a generation ago. However, skilled farm labour can often fit itself well into other lines of employment offering greater security, with the result



that the competitive element in the labour market is becoming ever more balanced in favour of the non-farm industry—to the degree that farm people experience increasing difficulty in filling their farm labour requirements with competent farm workers.

#### *Full-Time Workers:*

Dominion Bureau of Statistics data for February, 1957, indicated approximately 60,000 paid workers in agriculture, representing to a considerable degree the number of full-time farm workers. Of this number a small number are undoubtedly already covered by unemployment insurance in those limited fields to which it applies to agriculture.

Our organization recommends that full unemployment insurance coverage to this class of worker should be available on a voluntary basis. We realize that the commission has previously gone on record expressing its disapproval of optional coverage, but we believe it holds the following advantages in dealing administratively with farm people that would be lost in a blanket compulsory scheme:

1. Only those farm people who are genuinely interested in participating in such a scheme would apply.
2. It would eliminate the necessity of compulsory registration and avoid problems in non-compliance and possible evasion of the regulations.

While we do not oppose compulsory application of unemployment insurance in certain sections of agriculture where the majority of producers are engaged in the production of specialized crops such as sugar beets or fruit, it would be relatively simple for these groups to seek coverage since they are organized into special associations. This is not the case for all employer groups in agriculture, such as farmers engaged in mixed farming.

Voluntary extension could, we believe, be applied under circumstances where:

1. Farm employers would apply for licensing.
2. Monthly payroll forms of an abbreviated type would be filed at the time of purchase of unemployment insurance stamps through existing agencies.
3. The existing allowance for board and room of hired help provided for under the Income Tax Act could logically apply towards assessment of unemployment insurance.

It is our hope that this committee, currently studying possible inclusion of farm labour coverage, will give the matter of voluntary coverage of full farm workers serious consideration.

#### *Seasonal Employment:*

We believe this is the largest group of the farm labour force in the prairie region, although full-time workers may be more numerous in the central provinces where a more diversified farm community exists.

Many of these workers are in the category of skilled labour, mentioned previously in our brief.

In discussions with farm operators, cases have been reported where one farmer had interviewed as many as twenty-five workers who were qualified and would have been willing to do farm work for the summer but because they could not contribute to the unemployment insurance plan they just would not consider such employment.

Statistical indications are that seasonal employment in agriculture approximating 90,000 workers may represent a serious problem in providing coverage.

The degree of cost to the commission from this segment is difficult to estimate since we cannot assume that all agricultural workers do not carry insurance books from other occupations. In some cases agricultural employment would supplement previously earned coverage, thereby providing to these people greater security in times of possible unemployment.

Minimum requirement regulations governing eligibility for benefits would undoubtedly disqualify many workers from receiving any benefits. In such cases voluntary coverage for farm workers would mean that these short season workers would not at any time be registered.

#### *Inequity in Current Unemployment Insurance Act:*

Another serious problem evident during the past few years and most discriminatory against certain rural people has been the disqualifying factor under unemployment insurance benefits against farm people who, by force of circumstances, are required to take other employment in order to maintain their livelihood. These people may live on a piece of land which, in the majority of cases, is entirely inadequate to make a living on, yet they cannot qualify for benefits under the act because they are farmers.

We believe that since these people are employed in other industries and are forced to pay into the unemployment insurance scheme, they should likewise be eligible for benefits during times when they are unemployed and available for employment. This has been particularly noticeable in the summer construction industry, and in the forestry industry during the winter months.

Numerous cases have come to the attention of the farm unions—for instance, where a person who kept his family on a twenty or forty-acre plot of land, where they might have 50 chickens and a couple of cows and pigs for their own use, and were automatically disqualified from benefits under the act. Some have been qualifying for benefits because they have been making false declarations. We question the advisability of maintaining an act which forces certain needful people to make false statements.

The Unemployment Insurance Act is part of the social legislation in Canada which is borne proportionately by the taxpayers of our nation and as such it should not, we believe, discriminate against anyone. It is our conviction that any individual who, through legislation, is forced to pay into any scheme whatsoever should also qualify for benefits under that scheme.

#### *Summary of Recommendations:*

1. We therefore contend that one of the several problems within our agricultural industry in Canada is that qualified farm labour is becoming increasingly difficult to obtain. This is mainly due to the fact that under present legislation the Unemployment Insurance Act disqualifies these workers from contributing to and benefitting from this legislation. Although we fully recognize that an over-all unemployment insurance program for farm labor may pose a substantial administrative problem, we believe that necessary amendments to the act should be made to allow for coverage on a voluntary basis in order that those qualified workers available could be used by the agricultural producers of the nation on the same basis as that enjoyed by other industries.

2. We also recommend amendments to the act which would qualify for benefits the small farm operator who must maintain another source of employment to provide a livelihood for his family and permit him to enjoy a standard of living comparable to other sections of our economy.

*Conclusion:*

In conclusion, we wish to reiterate our appreciation for the opportunity of appearing before this committee. We hope that early consideration will be given towards changes in unemployment insurance regulations which will adequately meet the needs of farm people.

The CHAIRMAN: Thank you, Mr. Patterson for your well prepared brief. Gentlemen, you now have an opportunity to question Mr. Patterson or Mr. Galonsky in connection with this brief. Have you a question, Mr. Caron?

Mr. CARON: Yes, I will have, but I want to look at it for a moment.

Mr. MACLEAN (*Winnipeg North Centre*): There is one point I am wondering about; have you been advised by the commission that this kind of a coverage on a voluntary basis is being looked into now.

Mr. PATTERSON: We have had some intimation to that effect.

Mr. MACLEAN (*Winnipeg North Centre*): And nothing further? You do not know when a report might be expected?

The CHAIRMAN: Probably, gentlemen, it would be a propos at this time if we asked the commission officials if they have anyone who could make a comment on the question that has been asked here.

Mr. MACLEAN (*Winnipeg North Centre*): The minister made a statement that this was under special study at the present time and I wished to know whether they had notice of this, or more information on it.

Mr. PATTERSON: No.

Mr. BROWNE (*Vancouver-Kingsway*): On page 8 of the brief the point is raised that you believe that anyone who pays into this fund should also qualify for benefits under the scheme. However, the act, as it stands at the present time, does not include farm labour and it is not included in the bill we are studying now. I take it under these circumstances that without the farm labour being included in this act that you would then certainly be opposed to any contribution from the general taxpayers of the country and that you feel those who are covered should make the contributions. You feel that contributions should be from the employer and employee who are benefitting from the act.

Mr. PATTERSON: No, I would not want to take that from the statement, sir. It applies more specifically to the group of people who currently are working in industry, or wherever they might be; they are living on the farm and because of the fact they are living on the farm they are disqualified for benefits under the terms of the legislation.

Mr. BROWNE (*Vancouver-Kingsway*): The point I am trying to make is this. It is because of the fact they are not included and because farmers as such are not included there is no reason why they should be paying into this fund, and it has been suggested that we should raise the general level of taxation of the country to finance the fund rather than raise the contributions of the employer and employee.

Mr. J. N. GALONSKY (*Secretary-Treasurer, Manitoba Farmers' Union*): They cannot have employment in other industries, unless they pay into the plan. I am referring now to the small operator. He goes to the bush in the winter time. There is a slack period in the spring for a couple of months and then he goes into the construction industry. In the fall he would be back on the farm. Then in the winter he goes back into the forest industry. We feel during these slack periods he should qualify.

Mr. MACLEAN (*Winnipeg North Centre*): At the present time the main clause in this bill is that the rates will be increased by 30 per cent with regard to people who are covered in this bill at the present time. In this connection,



the employer, the employee and the government will share proportionately. However, most of the briefs we have had to date suggest that this increase should not be paid by the employers, employees and the government, but should be paid by everyone in the country, which would include farmers who, at the present time, do not come under the act.

Mr. Browne was wondering whether you would agree with the submissions as made in other briefs or do you agree that only those people who are covered by the act should pay?

Mr. PATTERSON: Well, I do not say we would object to the system as it has been functioning, where the federal government is making a contribution to the fund. No, I do not think that I would want to suggest the farmers are complaining in that connection.

Mr. BROWNE (*Vancouver-Kingsway*): The question is not what is being paid now. There have been suggestions that the government's share should be increased. I was asking how you felt toward that policy.

The CHAIRMAN: Have you a question, Mr. Grafftey?

Mr. GRAFFTEY: Mr. Chairman—

Mr. BROWNE (*Vancouver-Kingsway*): I would like to get an answer to my question.

Mr. MACINNIS: We are today again, without any assistance from Mr. Martin, getting involved in the same kind of committee hearings we have been conducting since this committee started.

I suggested the other day that we follow a procedure where the chair will recognize one person at a time, and another person the second time, until each and every person of the committee has a chance to speak on the question.

The CHAIRMAN: The custom in the past has been that if they ask a question they pursue it until they get an answer.

Mr. MACINNIS: I remind you, Mr. Chairman, that you recognize Mr. Grafftey.

The CHAIRMAN: I did.

Mr. MACLEAN (*Winnipeg North Centre*): Go ahead and ask the question Mr. Grafftey.

Mr. CARON: I say that when it is a question on a certain point it should be pursued to the end.

The CHAIRMAN: Have you something to say, Mr. Simpson?

Mr. SIMPSON: I have some questions to ask, Mr. Chairman, which I will ask later. However, at this time I would like to say this. We have two specific problems to deal with today.

In connection with this brief which the Interprovincial Farm Union has presented, they are asking our consideration for the inclusion of farm labour in the Unemployment Insurance Act. Now, these other questions that are coming up, and have to be asked, are in relation to bill C-43; so we can put all questions in relation to this brief in one group and all questions in relation to bill C-43 in another group.

There are some questions I would like to ask in relation to farm labour being included in the Unemployment Insurance Act.

Mr. BROWNE (*Vancouver-Kingsway*): My question relates directly to a statement in this brief and not related to bill C-43. They make a direct statement which seems to me to be in opposition to other briefs and I am trying to clarify their position in that respect. My question was directed in relation to a statement on page 8 of this brief.

The CHAIRMAN: I think there is merit in the objections that have been made and I do not know how it can be solved. It might appear to be discriminatory to some of the members on the committee when a question is asked, and then it is pursued probably for five, six or seven questions by the same member, and then someone else continues on the same question.

Mr. MACINNIS: As I said the other day, I do not think for a moment that any discussion should be cut off, pursuant to the aims of this committee, but the opportunity should be given to committee members to speak in connection with it. After one member speaks on it, someone should have a turn before he gets his second turn. If not, it could follow that one member would do all the questioning without giving other members the opportunity of pursuing that question. That is what has been happening in this committee and I would ask that you do not allow one or two members to continue to carry the whole line of questioning.

Mr. MACLEAN (*Winnipeg North Centre*): Go ahead and ask your question, Mr. MacInnis and do not unnecessarily take up the time of the committee.

The CHAIRMAN: I realize at times a particular member asks a question and then carries on with his questioning to a considerable extent; then someone else comes in without asking for permission and sometimes they get on to another question altogether different. I will endeavour to keep you on the subject matter and give each one a turn to ask questions in connection with the same matter.

Mr. GRAFFTEY: My question relates to a specific part of the brief.

Mr. MACLEAN (*Winnipeg North Centre*): Go ahead and ask it, Mr. Grafftey. Let us get going.

Mr. GRAFFTEY: I suggest, Mr. Chairman, that he is still on a specific part of the brief.

Mr. MACLEAN (*Winnipeg North Centre*): Ask your question.

Mr. GRAFFTEY: The question I would like to put is this: how many people are in this Interprovincial Farm Union; in other words, how many interprovincial farmers does it cover?

Mr. PATTERSON: Roughly 200,000 farm people.

Mr. GRAFFTEY: And what percentage of the so-called farm population of the nation does that cover?

Mr. PATTERSON: It varies from province to province. I have not the up-to-date figures for all the provinces. In Manitoba it is roughly about one-third and in Alberta it is in excess of one-half.

Mr. GRAFFTEY: I have one last question. Is the problem of obtaining trained farm labour uniformly grave across the country or is it more pronounced in one part of the country than the other; in other words, is it a uniform problem from coast to coast?

Mr. PATTERSON: No.

Mr. GRAFFTEY: I asked this question because I know in the eastern regions, from which I come, it is a very grave problem, and I was wondering if you could inform me of other areas where it is equally as grave.

Mr. PATTERSON: It becomes more pronounced in areas closely associated with industrial areas; and then there is an area of highly specialized farm operation requiring perhaps even a better class of operator than the general run-of-the-mill, if you see what I mean. That field is expanding. It is becoming more acute in the grain growing area. I understand that in British Columbia and in some areas of the east it is a very serious problem to get farm labourers at a particular period for their fruit growing, and so on.

The CHAIRMAN: All right, Mr. Caron.

Mr. CARON: You said that something around 200,000 are farm hands.

Mr. PATTERSON: No; those are members. They include in that figure the members of the farm union.

Mr. CARON: How many farmers do you believe we have in Canada who would be susceptible to being insured under the Unemployment Insurance Act? Can you just give me the average figure?

Mr. J. N. GALONSKY (*Secretary-Treasurer of the Manitoba Farm Union*): The only reference we have is that of Mr. Murchison's statement to the Federal-Provincial conference. It reads as follows:

The most recent figures on the paid workers show that in February 1957, 60,000 were with jobs in agriculture and in August 1957, 151,000 were so employed. The average for the 12 months ending September 1957, was 96,000 and in only five months was the average exceeded. It would appear from D.B.S. data that the 60,000 have fairly regular employment...

Mr. CARON: Out of 96,000 you say that only 60,000 have fairly regular employment?

Mr. GALONSKY: Yes.

Mr. CARON: That leaves 36,000 who are mostly seasonal employees.

Mr. GALONSKY: The Dominion Bureau of Statistics indicates that there are approximately 90,000 farm labourers who are mostly seasonal workers. This is taken from Mr. Murchison's statement and we believe those who desire coverage should qualify for benefits.

Mr. RICARD: On page 9, in recommendation 2 you mention small farm operators. What would you call a small farm operator, and who could determine whether one was a small farm operator or a big farm operator?

Mr. PATTERSON: I do not think that would be a very difficult thing to determine. I think the income tax would show it up pretty well; the census figures would show it up, and of course, it is not very difficult to determine from a spot check what type of operation he is in.

Mr. RICARD: There would need to be an investigating body to determine who was a small farm operator and who was a big farm operator.

Mr. PATTERSON: No; I think that could be done at your desk. Let me put it this way: you cannot go according to the acreage. We might say that an owner in Manitoba as such is living on a plot of ground of let us say 10 to 15 acres. He derives relatively no income from that piece of land. He has nothing to live on out of it except that he may have a few cows and chickens. But on the other hand, he might have an extremely successful concentrated operation. Let us say that he is in poultry or in commercial hogs for example, in which case those few acres would give him adequate income from that kind of operation. So it should not be determined on a basis of acreage, but rather on the basis of his type of operation and his income.

Mr. PIGEON: Do you think the position of our agriculture in Canada right now would be better if the government in the past had adopted this legislation? Do you think it was a mistake that former governments did not adopt this legislation?

Mr. PATTERSON: No, I would not put it that way and for this reason: that this has been something which has been developing, and a situation which has been developing, and that five, seven, or ten years ago there would have been very little interest in the farming community concerning unemployment.



But this trend has developed more since labour has left the farm. Farms have become more specialized and the need for employment for this type of operation has become accentuated; and as industry is attracting more and more, it is more difficult for them to get out from the cities. In addition workers have become much more conscious of the benefits that are offered in industry. Even young lads on the farm today who go out and work on the farm for a year, will say at the end of that year: "We cannot get any unemployment insurance stamps here, so we are not going to work on the farm any more."

Mr. PIGEON: Since many tobacco growers in Ontario and Quebec have considerable trouble in getting workers during the summer, I think it was very bad for the growers in Quebec and Ontario—I cannot understand why in the past this legislation was not adopted by former governments.

Mr. PATTERSON: I am afraid I cannot answer that one.

Mr. CARON: I can answer it for you.

The CHAIRMAN: Mr. Simpson is next.

Mr. SIMPSON: Under the present act, as I understand it, the farm group here in asking for unemployment insurance benefits, and for inclusion in the act, ask that they be considered in two groups, farm workers, and small operators.

Under the present act a farm operator may go into industry during the slack season in the winter. I can understand his being classified as a farmer under the present act, and he cannot qualify for unemployment insurance payments, although he would have to pay for them.

But supposing he has a son. The son does not operate the farm but is a worker on that farm during the busy part of the year. Then suppose that son goes into industry during the winter and then comes back to the farm in the spring. Can he not qualify? I do not know why he cannot qualify. Does he have to register as a farmer? He is not an operator. I wonder why those fellows who live on a family farm cannot go into industry and come back and qualify for unemployment insurance. Probably they have permit books.

Mr. GALONSKY: Once you are an owner you are living on a piece of land. I can give you a dozen examples from around Winnipeg, within a radius of 50 miles, where people are living on a piece of land. They may keep chickens and other things for their own food; but they are actually not farmers.

We have thousands of people who should not be listed as farmers because they are hurting our whole industry in being classed as farmers. Some of these people have sufficient stamps to qualify. They have paid for three or four years but they cannot get anything out of it. I contend that when anybody pays into the fund, he should be eligible for any payments out of it.

Mr. SIMPSON: Actually there would be a greater percentage classed as farm operators than there would be as farm labourers. I realize that, because the farm labourer figures are low. But there would not be too many going into industry in the off season who would not actually be classed as farmers, regardless of the fact that they were living on a family farm or in a farm home. They would pretty well all have permit books and be classed as farm operators.

Mr. GALONSKY: But they could not get any compensation when they are off season.

Mr. PATTERSON: I think that is a point which would have to be analyzed.

Mr. SIMPSON: Yes, I think so.

Mr. PATTERSON: I look at it this way—I may be entirely wrong—but suppose a chap was working for Canada Packers, for example, or anywhere else

in the city. Unless it is known that he is a bona fide farmer or agronomist, it would be no concern of the Unemployment Insurance Commission, I would think, as to whether he boarded in Winnipeg, in St. Boniface, or with a farmer outside the city limits. But I think that is something that would have to be qualified.

Mr. CARON: I would like to answer Mr. Pigeon's question. Mr. Pigeon was not here when the minister was here, because he was busy in the estimates committee. The minister explained to a certain extent why this is the case. He said that they have been experimenting since the beginning, and that they are including one group of seasonal employees to commence with, and that as soon as they have experience enough to bring them in—that was the answer given by the minister the other day.

Mr. PATTERSON: The first time we asked for this legislation was in 1957.

Mr. PIGEON: Why did you not ask for it before?

Mr. PATTERSON: Simply because we did not have a request for it from the farmers.

Mr. MACLEAN (*Winnipeg North Centre*): Following up Mr. Simpson's question, you say at the top of page 8 of your brief:

We believe that since these people are employed in other industries and are forced to pay into the Unemployment Insurance scheme, they should likewise be eligible for benefits during times when they are unemployed and available for employment.

I think you are quite right. I think that the people who have paid into this unemployment insurance fund should be eligible. Take for example university students; they may be employed in the summer months and they should get some benefits under the act. I feel they should be eligible for benefits.

This matter has been discussed in connection with various briefs. Certain briefs have put forth the point that an increase in rates for unemployment insurance should be borne by everyone across the country not just by the people who were eligible under this scheme. I wonder if you would go along with that, or say that only the people who are eligible should pay for this increase, and that there should not be a tax on the farmers who are not covered.

Mr. PATTERSON: I would say now that we are contributing at the present time, and that if assessments were going to be increased substantially or if there were going to be basic changes in it which would put a heavier load on the taxpayers without any further benefits, I think the farmers would be the first ones to take a pretty good look at it.

There is another point on that matter of the university students, and so on. It would seem to me that perhaps the fact that they cannot get benefits in respect of working on the farm is one section of a cycle that is detrimental to a lot of persons other than the farmer. That is to say, if the university student could work in industry for a period and could then perhaps go for a period to a farm, for a couple of months in the fall or the spring, whenever it might be, it would perhaps round out a cycle in which he could benefit.

Mr. MACLEAN (*Winnipeg North Centre*): That is quite true.

Mr. PATTERSON: I am not only thinking of university students but also people in general.

Mr. MACLEAN (*Winnipeg North Centre*): Around the city of Winnipeg we have a number of people who live on small plots of ground who will never receive benefits.

Mr. BELL (*Saint John-Albert*): Although you do not mention it in your brief, would there not be many cases where there would be payment of unemployment insurance to farm help because of the lack of need for such help due to crop failures and other poor farm conditions?

Mr. PATTERSON: Well, I would be inclined to suggest in that respect that if that happened in all probability there would not be enough benefits accruing to the individual to qualify at all, even if it did apply to the farmer.

Mr. BELL (*Saint John-Albert*): You do not see a situation whereby, due to a crop failure or poor marketing conditions, or any type of lack of activity on the farm, that the help on that farm would go to the unemployment insurance because there was not work available?

Mr. GALONSKY: It would not be different than in any other industry.

Mr. BELL (*Saint John-Albert*): Do you not see a conflict where the farm industry is already given quite a few methods of assistance by the government because of crop failures and other marketing conditions? Do you not see a conflict here?

Mr. GALONSKY: But that is not the problem. This assistance you mention is to farm people as producers in this country today. What we are after is that we be able to gain adequate and effective labour. You must realize that you just cannot go out in the street and pick just any Tom, Dick or Harry and say, "Jump on that \$9,000 combine." You want a man who knows something about it. You cannot tell him to jump on the "cat" and go out in the field. You have to compete with the commercial market for these people if you want them, or you will have people who go out and sleep. There was a report of a chap the other day who went out into the side of the bush and slept for four hours. We want people who know something about equipment.

Mr. BELL (*Saint John-Albert*): I appreciate that. I do not want to be construed as being unsympathetic with the situation. In the maritimes we have a situation which is as serious as anywhere in the country. I am suggesting that farmers generally receive different types of assistance from the government for crop failures and other marketing problems. In addition, here you would be asking for a type of assistance where the farmers probably would not be able to pay their way as far as an actuarial segregation is concerned of their industry under the act. I suggest it would be a further demand for assistance from the government in a general way.

If I might mention another point, I think of this problem here as being in the same position as that of the fishermen. We have had briefs and have discussed the problem of the fishermen. I do not think there is anyone in this room who would suggest—nor do I think it was suggested in any of the briefs—that fishermen do not have a problem. However, there is some agreement that the time might come when we will have to segregate the fishermen or even separate them completely. Perhaps agriculture might also be in a similar situation. I suggest that you people, in addition to that, have a further jump ahead of the fishermen in that you have compensation assistance in the form of farm insurance and all that sort of thing, whereas if the fisherman does not get any fish he is out in the cold.

Mr. PATTERSON: There is a basic difference here. We are asking for unemployment insurance for the farm labourer. In the case of the fisherman, by and large, the major part of the benefit is going to the operator. In the case of a crop failure, yes, the farmer has in one way or another received assistance in recognition of the various aspects included in crop failure. That would not, however, in any way compensate the labourers. This is something for the labourer himself.



Mr. BELL (*Saint John-Albert*): There is that difference. I do not have any more questions; but I am wondering if we should ask the commission questions of a general nature if they have any information available?

Mr. ARGUE: Mr. Chairman, might I ask whether or not the farm union council discussed this question, either formally or informally, with the other farm organizations and whether the farm organizations generally are asking that farm labour be brought under unemployment insurance as you have set out in your brief.

Mr. GALONSKY: The C.F.A. I understood two years ago agreed on a sectional application and at last year's convention approved a general resolution in principle. I discussed this with Don Richmond of the Manitoba pool. He says they have agreed in principle on unemployment insurance for farm workers. There was no resolution made at the meeting last year on sectional application.

Mr. ARGUE: So the Interprovincial Farm Union and the Canadian Federation of Agriculture are asking for this kind of coverage?

Mr. GALONSKY: As far as I am concerned—I will not speak for the C.F.A.—I believe the voluntary basis is the best to begin with. I understand that the minister indicated this just recently. We could have the actual farmers declare themselves as employers and see how it operates. I realize the commission would have a terrific problem in having a blanket coverage. I think we might start on a voluntary basis. This spring it was more serious than I have ever seen it as far as problems on this main issue are concerned.

Mr. BELL (*Saint John-Albert*): It would be more difficult actuarially to have those in who would think they might conceivably in the future come under the fund and then have the others who are in a more favourable position who would not be anxious to come in under it. It would be difficult for the fund to look after the voluntary ones alone.

Mr. PATTERSON: It seems to me that if it were on the voluntary basis that the farm labourers themselves who have full-time employment would insist that their employers come under the legislation, which might serve to balance it out.

Mr. MACLEAN (*Winnipeg North Centre*): They would declare themselves as an employer when they needed the farm help.

Mr. ARGUE: Have you any idea how many farm labourers there are on farms in Canada at the present time?

Mr. PATTERSON: I believe the secretary gave that information a moment ago.

Mr. GALONSKY: There is some reference to it on page 7.

Mr. ARGUE: I am wondering whether or not you have any estimate of the number of persons who might come in on a voluntary basis? In other words, what kind of a drain would there be on the fund?

Mr. GALONSKY: We do not have that.

Mr. ARGUE: A question was asked by Mr. MacLean and in this corner down here I was not able to hear it all. I may not have the drift of the question. As I understood it, he asked if further contributions from the federal government had to come into this fund—in other words further increases from the taxpayers—what would the attitude of the farmers be? Then I understand that Mr. Patterson said the farmers would want to have a good look at it. I wonder if Mr. Patterson would elaborate as to what the question was and as to what his reply meant.

Mr. PATTERSON: Perhaps I can put it this way. You might use as an example the Prairie Farm Assistance Act, which is a pretty good illustration, and the farmers have been paying into it for a long time. They never questioned paying into it on a 1 per cent basis until it came to the time when they felt they should qualify and for various reasons found they could not qualify. Then there was real concern. Now, if you are to suggest that that levy be increased from 1 to 2 per cent and the base stay the same, the farmers would, as I said before, want to have an awful close look at it.

Mr. ARGUE: You were not speaking about the Unemployment Insurance Act at all?

Mr. PATTERSON: I am using that as an illustration.

Mr. ARGUE: I want to know your conclusion about the Unemployment Insurance Act.

Mr. PATTERSON: I would suggest the same thing would apply. The farmers have been arriving at conclusions on this on the basis of a program that was in effect. If there are to be major changes made in the legislation, then I suggest that before we can change our position we would want to have a pretty good look at it.

Mr. ARGUE: I still do not know what you are driving at. Are you saying that if the government decided to put more of the taxpayers' money into the amendments to the Unemployment Insurance Act that then your farm organization would look at the whole act from a critical standpoint?

Mr. PATTERSON: To a degree; that is to say, if the benefits were going to be increased and the general taxpayer was going to put more into it, the farmer would be more concerned than ever that he was going to be excluded and would not get the benefit.

Mr. ARGUE: What I want to know from you is this—and I am willing to give my own opinion. I think the Unemployment Insurance Act as constituted today is of very great benefit to the agricultural producers of this country because if you do not have consumers you will not have agricultural producers for very long.

Mr. PATTERSON: I recognize that.

Mr. ARGUE: I think that it would be a great mistake to leave the impression that, if the labour organizations, for example, get from the government the thing that they request, which is that the federal government put in more money, the farm organization would start to look at this changed act with a critical view. Now, if you want to look at it from the standpoint of not wanting all the amendments in because this is a better act, that is fine; but I do not believe for one minute that the farm organizations of this country will take a stand against an improved Unemployment Insurance Act along the lines requested by the Canadian Labour Congress.

Mr. BELL (*Saint John-Albert*): At the same time—

Mr. ARGUE: Just a minute. I would appreciate the comments on this. I have been putting forth the position as I see it.

The CHAIRMAN: Let Mr. Patterson answer.

Mr. ARGUE: I am not going to speak for Mr. Patterson; he will speak for himself.

An hon. MEMBER: Do not tell me we have another Paul Martin here.

The CHAIRMAN: Just a minute.

Mr. PATTERSON: No; the farm organizations have never taken any stand against benefits for labour. Certainly the labourers' buying power is improved

and certainly the farmers get some benefit from it. The farmers, however, will be more concerned than ever, when an expanded program is supported for labour from the general revenue, that they are barred from participation in that.

Mr. ARGUE: The point the Canadian Labour Congress made is this, that when the fund is used to provide seasonal and extraordinary benefits—and that because the country is in a period of recession with widespread unemployment—this causes a very substantial and very severe drain on the fund. The stand of the Canadian Labour Congress was this; that the Unemployment Insurance Act was to take care of ordinary unemployment, and frictional unemployment where people are moving from one area to another, but that this was never set forward as a plan to protect the nation in a time of very widespread unemployment and that the fund should not be used as an alternative to government action to solve unemployment when there are three-quarters of a million unemployed.

Mr. BROWNE (*Vancouver-Kingsway*): Mr. Chairman, on a point of order; is Mr. Argue appearing as a witness? He is trying to convey some views to the witness in the hope the witness will turn around and agree with him. I know what Mr. Argue's answers are, but we are trying to determine the position of the farmers in this country. We are not at this moment particularly interested in Mr. Argue's views.

Mr. ARGUE: I think we will get along a lot better if my friend will relax for a few minutes and let me complete my line of questioning.

The CHAIRMAN: Proceed.

Mr. ARGUE: I was trying to set forth, as I see it, the position taken by organized labour in this country. I was suggesting that the farm organizations would not have any objection to these improvements being made, that is that they would not criticize them but they might then make a much greater effort themselves to get the same kind of benefits.

Mr. PATTERSON: I am working for the farmers. I am not on the policy level. As I said before, if this act is being amended in the manner in which it is suggested and is going to take on some very different and much wider implications, then I would not go any farther than what I have said thus far unless my friend Mr. Galonsky wishes to make some further comment about it—other than to say that in this case if this is under consideration, and you wish to have the views of the farm organizations on it, then I would have to refer it to the executive of the Interprovincial Farm Union Council who are directly responsible to the membership.

Mr. ARGUE: You have never taken any stand, as an organization, on the suggested amendments in the bill, or on any of the arguments regarding the amendments in the present bill which is before this committee?

Mr. PATTERSON: No.

Mr. ARGUE: In other words, the stand of the farm organization has been to relate it entirely to the position of the farmers as far as coverage possible under the act is concerned.

Mr. PATTERSON: No, the act as it was constituted.

Mr. BELL (*Saint John-Albert*): Is this not an example of the difficulty in which you find yourself, whether you are a political theorist, or trying to form a political party, in trying to resolve labour and farmers?

Mr. PATTERSON: I am not going into that story. I am dealing with the matter as we have presented it, and I am not going to get into any debate.

The CHAIRMAN: Mr. Browne has been waiting for a long time.



Mr. BROWNE (*Vancouver-Kingsway*): It has been so long since I wanted to ask a question that I have rather forgotten it. I am still not satisfied that we are clear on this point.

I object to Mr. Argue's line of questioning. He was stating his views. I would like to ask Mr. Patterson for his personal views.

Does he think it is fair that the taxes on the farmers of this country should be increased without their gaining benefits under this act by participating in it either by themselves or by their employees?

Mr. PATTERSON: Well, if I had your question in writing I could give you a better answer. Would you please repeat your question.

Mr. BROWNE (*Vancouver-Kingsway*): I asked you if you felt it would be fair for the taxes of the farmers of this country to be increased, to add more money to the fund when the farmers are not going to participate directly in any benefits, either directly by themselves or by their employees?

Mr. MARTIN (*Essex East*): Mr. Chairman, surely that is an improper question.

The CHAIRMAN: Mr. Patterson may answer it if he wishes.

Mr. PATTERSON: We are dealing with two more or less nebulous points. We do not know whether or not taxes will be increased, or whether or not benefits will be increased.

Mr. BROWNE (*Vancouver-Kingsway*): Several briefs have contained this suggestion, this is what this committee is considering. There have been many suggestions that the taxes of the general taxpayers of Canada should be increased so that we could extend these benefits under the act, rather than to increase the contributions of the employer and the employee. I want to know what your position as a farmer is in that regard.

Mr. MARTIN (*Essex East*): He has answered that question.

Mr. ARGUE: The same with labour as with deficiency payments. Give them support.

Mr. GRAFFTEY: Mr. Chairman, in clause 1 of his recommendations, Mr. Patterson says that qualified farm labour is becoming increasingly difficult to obtain.

Would you say that this was a major reason why many mixed farms across the country are actually being abandoned? I said, a major reason.

Mr. PATTERSON: No. I would not say so. But I would say this: that in some instances where the farmer would diversify further, he is handicapped in that he cannot obtain full time labour.

Mr. GRAFFTEY: Is it not true that a lot of older farmers have abandoned their farms because they could not get qualified, trained help?

Mr. PATTERSON: Yes, that was the point. However, there is another very important point which has a greater bearing. It is because of the lack of adequate credit which would facilitate the transfer of a farm from the father to the son, the son will gravitate to labour, and the father, because he is unable to get adequate help, is forced to sell out.

Mr. GRAFFTEY: Have you any statistics as to the number of small farms which have been abandoned in the United States over a past period of time? You may pick any period you wish.

Mr. PATTERSON: No, but in Canada between the last two census there was a figure comparable to the total farming population of Manitoba which disappeared in Canada.

Mr. GRAFFTEY: Are those farms left idle, not yielding?

Mr. PATTERSON: Not in many cases, no. Generally speaking they are taken over by somebody else who probably already has too much land.

Mr. MACINNIS: I wish to ask Mr. Patterson a question in respect to the 90,000 farm labourers. What percentage of those farm labourers would necessarily have to be in the skilled category, the type of man you could depend on to handle your combines, and other pieces of farm equipment?

Mr. PATTERSON: That is pretty difficult to answer.

Mr. MACINNIS: Roughly, on a farm, how many skilled labourers would be required as compared to ordinary labourers?

Mr. PATTERSON: The ordinary labourer is becoming less a factor on the farm because of increased mechanization.

Mr. MACINNIS: Would the percentage be high?

Mr. PATTERSON: Relatively high, yes.

Mr. MACINNIS: Do you feel that if inclusion under the act were made available to these skilled or dependable workers it would be a step forward for the farmer?

Mr. PATTERSON: That is right. I would like to develop that a little, because I think it is a good point.

Mr. GALONSKY: As I have said, we are actually in competition with the commercial field, and also with people who practise vertical integration. They can go and get people quite readily and insure them without any trouble at all because they are in a specialized field of production. Also if a worker is looking after hogs, poultry, or cows only, he can get insured, because it is a specified type of work, such as a cat operator or a truck driver. There have been cases reported where farmers had to falsify the records given to the commission.

Mr. MACINNIS: In order to obtain these skilled employees?

Mr. GALONSKY: In order to get these experienced men.

Mr. MACINNIS: There is a reference in your brief to these falsified statements.

Mr. GALONSKY: That is right, and also to help them to qualify for benefits. There is no doubt a lot of false statements made all over the country.

Mr. PATTERSON: In respect to your question, Mr. Browne, specifically on this matter of increased contributions, I can only say this—speaking as an individual—that we recognize that benefits do not come until you have provided for them, and that in terms of changes, whether they be in the Prairie Farm Assistance Act, or whether they be in the Unemployment Insurance Act, we as individuals look on these things in terms of the benefits we are going to get from them. And by and large I would say that the general rule is that if this is going to be a benefit to the community as a whole, the individual—and I am speaking as an individual—should take a pretty considered view of any changes that are going to be made, provided they are going in the right direction.

Mr. MARTIN (*Essex East*): Do you accept it that only the farmers who get the benefit of deficiency payments should have to bear the costs involved in providing those deficiency payments?

Mr. MACLEAN (*Winnipeg North Centre*): I think that is entirely irrelevant.

Mr. MARTIN (*Essex East*): Please do not interrupt. That has been the traditional role of some members, and I would hope it was not yours.

The CHAIRMAN: Proceed, Mr. Martin. I shall bear that in mind.

Mr. PATTERSON: Let me put it this way.

Mr. MARTIN (*Essex East*): My question is a simple one. Would you expect that only the farmers who got the benefits of deficiency payments should have to bear the cost involved in providing those deficiency payments?

Mr. PATTERSON: I would relate it to the question I just answered, that we have to consider it in terms of the relationship of the benefits to the community as a whole.

Mr. MARTIN (*Essex East*): Do you not think that the cost of deficiency payments should be borne by all the people of Canada?

Mr. MACLEAN (*Winnipeg North Centre*): That is entirely out of order.

Mr. PATTERSON: The cost of the operation is so small in relation to the whole community that it is very insignificant.

Mr. MARTIN (*Essex East*): We are strongly advocating that your brief advocating payments should be accepted.

The CHAIRMAN: Mr. Martin, deficiency payments are not part of our program.

Mr. MARTIN (*Essex East*): It is an important point.

The CHAIRMAN: Maybe so, but this committee is not the proper place to bring it up.

Mr. MARTIN (*Essex East*): The same principle is involved.

The CHAIRMAN: You may introduce any kind of principle, but it does not have any bearing on the bill which is now before us.

Mr. SMITH (*Winnipeg North*): Most of the organizations which presented briefs to us stated one way or the other, in regard to the bill that is before the committee, that they were all in agreement with the increase in benefits that is provided; but when it came to the increase in contributions, they had various views. Some said there should be no increase in the contribution to unemployment insurance, but that the government should put in more money. Others said that the government should not put in more money, so we have those two basic statements by these various organizations which presented briefs.

Some said yes, that the government should increase its contribution, others said no. I would just like to know if you could give us a yes or no answer as to whether or not the government should increase its contribution.

Mr. GALONSKY: No, I do not think I can give you an official policy statement about it because it has never been considered. But I will tell you as far as I am concerned personally—and this is only a personal statement—that I feel that if you want to increase the benefits you must be prepared to put something into it too. You just cannot run to Santa Claus and say: "Give me more christmas presents."

Mr. MACLEAN (*Winnipeg North Centre*): Would you say that the people who are covered under this act and who obtain the benefits are the people who should pay for the coverage?

Mr. GALONSKY: That is right on the same basis proportionately as the fund is being financed today.

Mr. ARGUE: May I ask Mr. Galonsky this simple question? Are you aware of the proposed changes in the Unemployment Insurance Act that is before this committee?

Mr. GALONSKY: I am not. I have not studied it too closely.

Mr. ARGUE: Would you say whether or not in your opinion you know, or whether in your knowledge you know if any organization is opposed to the federal government paying its proper share into the fund?



Mr. GALONSKY: No.

Mr. MARTIN (*Essex East*): Could you not take advantage of the weekend to study the brief of the Canadian Congress of Labour and the Act so that we might interrogate you further on Monday concerning this matter?

Mr. SMITH (*Winnipeg North*): I think that is an insult to the witness.

Mr. MARTIN (*Essex East*): Every question that is proposed is termed an insult, any question that in any way looks damaging to the Conservative party.

Mr. SMITH (*Winnipeg North*): I do not want to be a party to telling any any organization which presents a brief here to go away and study another brief.

The CHAIRMAN: Gentlemen, we are now close to 11 o'clock, and I have two letters which I want to put on the record.

Mr. ARGUE: Mr. Chairman, I wonder if we might have either one of these witness appear before this committee early next week?

Mr. BELL (*Saint John-Albert*): You might sit this afternoon.

The CHAIRMAN: You will either do that or you wont have a meeting.

Mr. MACLEAN (*Winnipeg North Centre*): Why not sit tonight? I believe Mr. Galonsky wants to get away.

Mr. PATTERSON: The point that has been kicked around here—and I have been reading between the lines or listening between the lines—is with respect to an increased drain on the fund. Is it not true that even in the labour field, in industry itself, there was a very substantial change in the pattern of unemployment, and that in some years there was more, whereas previously there was perhaps very little unemployment. Yet in some of the major industries, unemployment has become almost a part, or seasonal unemployment has become almost an integral part of their year-round program? So I do not think it is fair to suggest that a major drain on the funds can all be blamed on the fishermen, let us say, because they are a seasonal group.

Mr. MACLEAN (*Winnipeg North Centre*): I did not suggest that.

Mr. MARTIN (*Essex East*): Do you think the cost of this should be borne only by the workers of the country, or should it not be assumed by all people?

Mr. MACLEAN (*Winnipeg North Centre*): It is now.

Mr. PATTERSON: Yes, it is now.

Mr. MARTIN (*Essex East*): That was not my question. You see, this interruption obstructed my question.

Mr. BELL (*Saint John-Albert*): That was a loaded, leading question, and Mr. Martin has been asking them every day in this committee. And when you express extreme discourtesy here I want to be disassociated from you in every respect.

Mr. MARTIN (*Essex East*): I asked you this question. Here we have two groups who contribute 80 per cent of the cost of unemployment insurance in Canada, the workers and the employers.

Mr. BROWNE (*Vancouver-Kingsway*): They do not contribute 80 per cent.

Mr. MARTIN (*Essex East*): Do you think they should bear the cost of looking after the people who are the victims of abnormal situations? Or do you think that should be borne by all the people of Canada just as the dividends to farmers by way of deficiency payments should come from all the people? You would not ask only the farmers to pay the cost of the deficiency payments, any more than you would ask the workers of this country to pay for the cost of this particular application? Do you agree with that?

Mr. PATTERSON: The principle has been established with respect to farmers, labour, or other groups in so far as these things are concerned. The matter of degree to which we are referring at the moment is something which I would have to refer to my colleagues. If this committee wants the view of our executive on any specific points, I am quite prepared to refer it to the executive and give you the answers.

Mr. ARGUE: I think we should have the official position of the farm unions on these very controversial questions.

Mr. MACINNIS: May I say a word on this matter of placing the burden on the taxpayers of the country and in respect of the reference made to deficiency payments. This committee is aware of the fact that deficiency payment is not in the way of a subsidy. There are many forms of subsidy paid out by the government. Just because this particular group before us today happens to be in that category, there is no reason why they should be nailed down to the type of questioning put to them today. There is a labour group which could appear before this committee—and I am speaking from a knowledge of labour—and that same question should be put to them.

Mr. BELL (*Saint John-Albert*): I move that this matter of recalling the witnesses who are here now, and any others, be left to the steering committee for consideration immediately after the orders of the day.

Mr. ARGUE: Mr. Chairman, on a point of order; my point of order is this, that we have a witness before this committee whom this committee has not finished interrogating. This discussion has not been concluded and the witness should be back here when we meet again.

Mr. BROWNE (*Vancouver-Kingsway*): I move we adjourn.

Mr. MACLEAN (*Winnipeg North Centre*): There is a motion before us.

The CHAIRMAN: The motion moved by Mr. Bell, and seconded by Mr. MacLean, is that this be referred to the advisory committee. You have heard the motion. Are you ready for the question?

Mr. MARTIN (*Essex East*): What is the question?

The CHAIRMAN: That it be referred to the steering committee.

Mr. MARTIN (*Essex East*): I want—

The CHAIRMAN: You have heard the motion. Are you ready for the question? All in favour?

Mr. MARTIN (*Essex East*): That man is fantastic.

The CHAIRMAN: I declare the motion carried.

Mr. MARTIN (*Essex East*): Talk about obstruction!

The committee adjourned.

Mr. Lee Canada Industrial Relations,  
Can. Standing Committee on, 1959  
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HOUSE OF COMMONS

Second Session—Twenty-fourth Parliament

1959

STANDING COMMITTEE

ON

**INDUSTRIAL RELATIONS**

Chairman: R. H. SMALL, Esq.

**MINUTES OF PROCEEDINGS AND EVIDENCE**

No. 10

Including Second Report to the House

respecting

BILL No. C-43

An Act to Amend the Unemployment Insurance Act

TUESDAY, JUNE 9, 1959

WITNESSES:

Hon. Michael Starr, Minister of Labour; and

*From the Investment Committee of the Unemployment Insurance Fund:*

Messrs: J. W. Coyne, Chairman; K. W. Taylor, Member; and G. G. Cushing, Member.

*From the Unemployment Insurance Commission:* Messrs: J. G. Bisson, Chief Commissioner; and James McGregor, Director of Unemployment Insurance.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.



STANDING COMMITTEE  
ON  
INDUSTRIAL RELATIONS

Chairman: R. H. Small, Esq.,  
Vice-Chairman: T. Ricard, Esq.,

and Messrs.

Argue,  
Allmark,  
Beech,  
Bell (*Saint John-  
Albert*),  
Benidickson,  
Bourdages,  
Brassard (*Lapointe*),  
Browne (*Vancouver-  
Kingsway*),  
Caron,  
Drouin,  
Grafftey,

Granger,  
Lafrenière,  
Lahaye,  
Loiselle,  
MacInnis,  
MacLean (*Winnipeg  
North Centre*),  
Mandziuk,  
Martin (*Essex East*),  
Martini,  
McDonald (*Hamilton  
South*),  
McMillan,

McWilliam,  
Mitchell,  
Muir (*Cape Breton  
North and Victoria*),  
Noble,  
Pigeon,  
Simpson,  
Skoreyko,  
Smith (*Winnipeg  
North*),  
Spencer,  
Stanton,  
Thrasher—35.

M. Slack,  
Clerk of the Committee.

## REPORT TO THE HOUSE

WEDNESDAY, June 10, 1959.

The Standing Committee on Industrial Relations has the honour to present the following as its

### SECOND REPORT

Your Committee has considered Bill C-43, An Act to amend the Unemployment Insurance Act, and has agreed to report it with the following amendment:

Page 3, line 5 to line 13 inclusive:

delete Clause 8 of the Bill.

A copy of the Minutes of Proceedings and Evidence adduced in respect of the said Bill is appended.

Respectfully submitted,

R. H. SMALL,  
*Chairman.*





## MINUTES OF PROCEEDINGS

TUESDAY, June 9, 1959.  
(14)

The Standing Committee on Industrial Relations met at 9.30 a.m. this day. The Chairman, Mr. R. H. Small, presided.

*Members present:* Messrs. Argue, Bell (*Saint John-Albert*), Benidickson, Browne (*Vancouver-Kingsway*), Caron, Grafftey, MacInnis, MacLean (*Winnipeg-North Centre*), Martin (*Essex East*), McDonald, (*Hamilton South*), McMillan, Mitchell, Muir (*Cape Breton North & Victoria*), Noble, Ricard, Simpson, Small, and Smith (*Winnipeg North*).—(18)

*In attendance:* Honourable Michael Starr (*Minister of Labour*); and *From the Investment Committee of the Unemployment Insurance Fund:* Messrs. J. E. Coyne, Chairman, and Governor of Bank of Canada; K. W. Taylor, Member, and Deputy Minister of Finance; and G. G. Cushing, Member, and Assistant Deputy Minister of Labour.

*From the Unemployment Insurance Commission:* Messrs. J. G. Bisson, Chief Commissioner; C. A. L. Murchison, Commissioner; James McGregor, Director of Unemployment Insurance; and F. G. Flint, Public Relations Officer.

*From the Department of Insurance:* Mr. R. Humphrys, Assistant Superintendent of Insurance.

*Also in attendance:* Dr. Maurice Ollivier, Q.C., Parliamentary Counsel.

The Committee resumed consideration of Bill C-43, An Act to amend the Unemployment Insurance Act.

The Chairman introduced Messrs. Coyne, Taylor and Cushing, and then called on Mr. Coyne who reviewed the operations of the Investment Committee of the Unemployment Insurance Fund.

Mr. Coyne, assisted by Messrs. Taylor and Cushing, was questioned.

Questioning concluded, Messrs. Coyne, Taylor and Cushing were thanked for their assistance to the Committee and were retired.

Messrs. Starr, Bisson and Humphrys were further questioned.

The Committee reverted to clauses which had been allowed to stand at a previous meeting.

Clauses 6, 12, 15 and 23 were considered and adopted *on division*.

### *On Clause 8:*

Moved by Mr. MacLean (*Winnipeg North Centre*), seconded by Mr. Smith (*Winnipeg North*), that Clause 8 be deleted and the following clauses be renumbered accordingly. Carried *on division*.

The Title and the Bill, as amended, were adopted *on division*.

*Ordered*,—That the Chairman report the Bill with amendment.

At 12.50 p.m., the Committee adjourned to the call of the Chair.

M. SLACK,  
*Clerk of the Committee.*

NOTE: Answers to questions requested from the Interprovincial Farm Union Council at a previous meeting appear as an Appendix to this day's Evidence.



## EVIDENCE

TUESDAY, June 9, 1959.  
9.30 a.m.

The CHAIRMAN: Gentlemen, we have a quorum, so we can proceed.

We have with us this morning, gentlemen, the governor of the Bank of Canada, Mr. Coyne, Mr. Taylor and Mr. Cushing, all members of the investment committee.

Would you first like a statement from Mr. Coyne or would you rather first ask some questions of him?

Mr. MACLEAN (*Winnipeg North Centre*): I think a statement would be in order, Mr. Chairman. Is it an explanatory statement?

The CHAIRMAN: Perhaps we will hear from Mr. Coyne first.

Mr. J. E. COYNE (*Governor, Bank of Canada*): Mr. Chairman and gentlemen, I do not have a prepared statement to make, but perhaps I might set out the facts concerning the committee before you.

The investment committee is provided by statute, and it consists of three persons holding offices which are mentioned in the statute. The governor of the Bank of Canada is by statute a member of the committee, so is a member to be nominated by the Minister of Finance and a member to be nominated by the Minister of Labour. We do not volunteer for this job. We are named by statute and we have to provide our services.

It is provided in the act that the fund of the unemployment insurance commission shall be invested in government of Canada securities, that is securities either issued by or guaranteed by the government of Canada. Therefore, the entire fund is limited to that one field of investment.

As you know, during the early years of the fund's existence, indeed right up to December, 1956, the amount of securities held by the fund grew rapidly to a very large total sum of \$924 million at the end of December, 1956; and it had reached approximately that level three or four years earlier, then at some slower rate of growth up until the end of 1956.

\$924 million worth of government securities in one holding is, of course, a huge sum, and perhaps you could appreciate the magnitude of it by comparing it with the government bond holdings of the life insurance companies of Canada. The unemployment insurance fund alone holds 50 per cent more than all the life insurance companies put together. That is not only a very large fund; it is, of course a very unwieldy one. You cannot make transactions in such a fund on the same proportionate size as you can with a small fund, because if you did you would swamp the market and ruin the market for government securities either on the up side or down side, and it would work against the interest of the fund itself. For that reason and because of other general investment principles it has always been the general policy of the investment committee to keep the fund invested in a variety of government securities, with the thought in mind that the fund desires some of the higher earnings, which generally means long-term securities, and also wants to hold some short-term securities. The proportions between long-term and short-term vary from time to time. Over-all, it has been the duty of this investment committee, as of any investment committee, to try to arrange the best possible revenue for the fund, having regard to the limitations both statutory and marketwise that apply here. And, of course, we have to take the long view and have regard to the earnings of the fund, not just in any particular year, but over a period of many years to come.



In the case of managing any investment fund, where you may have to make sales of securities from time to time, you have so-called profits and losses at the time you make the sales because the market price will be different from your cost price by either a large or a small amount; but very rarely will you sell at your cost price. These are obvious principles of investment management, and these profits and losses must be set off against the revenue that you have been earning from the investments in the fund and considered in relation to the revenue you are earning. To take an obvious case, and one which I am sure is very much in your minds, on a long-term bond, with a relatively high coupon and relatively good earnings, you may at a time of falling bond prices take on book losses when you make a sale, but in considering the significance and the magnitude of that loss and its effect on the financial position of the fund, you have to take account of the revenue you have been earning from this and similar securities, not just in the months you make the sale or in the year you make the sale, but during the period you have held these securities, which may be many years—and for that matter during the period when you are going to go on holding similar securities of the same type because, presumably, you do not sell out all of your holdings of any one maturity of bond.

There have been many changes in the fund since it was set up first. There have been changes in the benefits particularly, to some extent changes in the contribution and changes in the economic conditions affecting the whole economy. There is one in particular that I should mention. I think since 1955 it is obvious we have entered a period of higher interest rates than the level of interest rates that were considered normal from, say, 1932 on. There was about a quarter of a century there when relatively low interest rates prevailed, not only in Canada but in the United States and a good many other parts of the world. It is quite possible that we have entered now on an extended period of higher rates and we have had, I think, a few years of it so far.

However, we have entered on a period which will show a major change. We are in a period of relatively full employment, of growing population, of very large demands on capital not only for expansion of the economy in Canada and the United States, but for helping other countries in less developed parts of the world. This, with the total demands of economic growth throughout the world, will press upon the tendency to accumulate capital for many years to come, at least to the extent you may well find there has been passed a major watershed between a period of relatively low interest rates, from 1932 to 1955, and a period of high interest rates for some indefinite time in the future. That kind of change, when it takes place, even if it is only temporary, but more particularly if it continues for some length of time, will have a major effect on an investment fund such as that of the unemployment insurance commission.

Perhaps, Mr. Chairman, that is all I can usefully say by way of general description of the way the fund operates and the factors which have affecting it, as I see it. I do not know whether Mr. Taylor or Mr. Cushing wish to add anything to what I have said.

The CHAIRMAN: Thank you very much, Mr. Coyne, for your statement.

Mr. MACINNIS: Mr. Chairman, I presume we are going to ask questions at this time. Mr. Coyne, during the recent conversion loan your finance committee made certain investments.

Mr. COYNE: Yes.

Mr. MACINNIS: Were they profitable?

Mr. COYNE: Yes, they were, in my opinion, to the financial advantage of the fund.

Mr. SIMPSON: Does the investment committee make the sole decisions in connection with any investment of fund money?

Mr. COYNE: Yes.

Mr. CARON: Mr. Coyne, section 86 (1) (a) of the Unemployment Insurance Act says the Minister of Finance on the requisition of the commission may obtain advances from the Bank of Canada on the security of the obligations acquired under section 85, not exceeding the par value of the obligations secured. What is meant by par value; is it the book value or the market value?

Mr. COYNE: Neither; it is a price which will be paid at maturity.

Mr. CARON: You do not take into consideration the book value or the market value?

Mr. COYNE: I think if a loan were to be made, these values would be taken into consideration.

Mr. CARON: So if they had gone to \$91 instead of \$100, the loan might be acquired at the par value of \$100?

Mr. COYNE: Not exceeding that.

Mr. CARON: But they can be obtained at the market value instead of the par value possibly, and most of the time it is that.

Mr. COYNE: This particular provision of the act has never been acted upon. There has never been a loan from the Bank of Canada to the unemployment insurance fund.

Mr. MARTIN (*Essex East*): The last loan was the first loan made by the Minister of Finance to the fund.

Mr. COYNE: I do not have enough direct knowledge to answer your question; perhaps Mr. Taylor could.

Mr. MARTIN (*Essex East*): I am just saying that the first loan made by the government of Canada to the fund was made this year.

Mr. K. TAYLOR (Deputy Minister, Department of Finance): Yes.

Mr. MARTIN (*Essex East*): Pursuant to the order in council that was passed two days after the fiscal year and two days before delivery of the budget.

Mr. McMILLAN: The establishment of the fund at the end of March was \$490 million approximatively; but that is book value.

Mr. COYNE: I have that as the par value of the government securities held in the fund. We do not have the books of the fund. The books of account including those relating to security holdings are all kept by the unemployment insurance commission itself. Naturally, however, I know from time to time what the par value of the security holdings are in the fund.

Mr. McMILLAN: I think Mr. McGregor gave the number of the securities held as of the end of April in the amount of \$454,800,000.

Mr. COYNE: That would be after subtracting the securities placed with the Minister of Finance as collateral for the loans then outstanding. The fund still owned the same amount of securities at the end of April as at the end of March, but a certain quantity were placed as collateral security for the loan from the government.

Mr. McMILLAN: There is a difference there of some \$35,200,000. As at the end of May they had more than \$72 million. Is that right?

Mr. COYNE: I could not say exactly. I do not know about the borrowings of the fund. Mr. Taylor could tell you what the government had loaned to the fund.

Mr. MARTIN (*Essex East*): I think it is \$72 million.

Mr. COYNE: It could well be.

Mr. MARTIN (*Essex East*): The governor in council had authority to loan another three.

Mr. TAYLOR: A total authority of \$80 million.

Mr. McMILLAN: There is a difference in the holdings of securities of \$35 million.

Mr. COYNE: I think the difference is that Mr. McGregor gave you the net value of the fund after subtracting their debt to the government.

Mr. SIMPSON: That would show a much better picture than the figures we heard in the committee the other day.

Mr. COYNE: It depends on whether you take the gross or some measure of value of the securities owned, or deduct from that the special debt which the fund has incurred to the government in order to meet its expenses during that period. The fund still has a \$490 million par value of government securities subject to about \$80 million par value being placed against the loan from the government.

Mr. SIMPSON: That is what amount?

Mr. COYNE: The \$80 million in securities are not sold. They are still there and are being held.

Mr. MARTIN (*Essex East*): You are speaking about par value?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): Dr. McMillan's question was what is the unrealized value of the securities in the commission at the present time. He suggested that at the end of April he was told there was around \$407 million. Can you tell us, as one of the members of the investment committee, what is the unrealized value at the present time of the securities of the commission?

Mr. COYNE: You mean the market value?

Mr. MARTIN (*Essex East*): Yes.

Mr. COYNE: I have not worked that out.

Mr. MARTIN: Would it be less than \$400 million?

Mr. COYNE: No. It would be substantially more; but this depends upon market values which change day by day. As the bond market goes down, the theoretical or equivalent market value will be less. If the market goes up the market value of the holdings of the fund will rise again towards the par value.

Mr. BENIDICKSON: On May 14, the records of the transaction in the investment portfolio starting with the holdings on March 31, 1958, were tabled in the house. The table then traced through month by month the sales and purchases and then gave the portfolio as at March 31, 1959. I wonder if the investment committee could provide this committee with up-to-date figures, say, at the end of April or perhaps at the end of May. I wonder if they could translate those figures indicating the portfolio and giving the par value. We were told at the last committee meeting on Wednesday that the books of the commission were kept on the basis of book value. This morning we are discussing par value. Whatever it is, we will have to clear that up. I wonder if we could have the market values of the portfolio as at March 31, 1959, as at April 30, 1959, and if possible, as at May 31, 1959—I think that would be quite possible.

Mr. COYNE: Strictly speaking, any information regarding particularly book values should come from the commission itself. Market values are a question of taking the holdings of the fund issue by issue and taking the quotation out of the paper or from investment dealers' quote sheets and multiplying them. We could make that calculation for you.



Mr. BENIDICKSON: There are only ten items, I believe, in the list. It would not be difficult to provide the figures as to market value on those dates.

Mr. COYNE: That is right. However, it is not the sort of thing one carries about with one normally.

Mr. MARTIN (*Essex East*): You do not have available at the moment in your mind what the book losses are of the securities of the commission?

Mr. COYNE: You mean the difference between the par value and the market value or the book value and market value?

Mr. MARTIN (*Essex East*): Yes.

Mr. COYNE: No; I do not.

Mr. BENIDICKSON: Mr. Chairman, we have had the members of the investment committee introduced to us. Has Mr. Cushing been a member for some considerable time?

Mr. GORDON G. CUSHING (*Assistant Deputy Minister, Department of Labour*): I was appointed on June 1, 1958.

Mr. MARTIN (*Essex East*): Who was the nominee of the Minister of Labour prior to June 1, 1958?

Mr. CUSHING: Mr. M. M. McLean, my predecessor as assistant deputy minister.

Mr. MARTIN: How often does the investment committee meet?

Mr. COYNE: There are no fixed times for meeting. It depends upon the changes in the situation of the fund. In the days when the fund went through a fairly regular cycle of accumulating money from May to December and spending it out from January to April, the committee might only meet once a year to lay down the program for that year. Under other circumstances it would meet more frequently.

Mr. CARON: How many times did the committee meet from April 1, 1958, until March 31, 1959?

Mr. COYNE: I could not tell you offhand. I am not sure just what you want to know.

Mr. CARON: The amount in the fund was going down and down every month. That is a special situation which must have created the need of borrowing money or selling the bonds which are in the possession of the commission.

Mr. COYNE: Yes.

Mr. CARON: They do not do that without having consulted the finance committee, or I should say the investment committee. That is why I want to know how many times the committee sat during the year.

Mr. COYNE: The results of the activities of the investment committee are, I think, before you. They show up in the transactions of the fund and the portfolio holdings of the fund from time to time. I do not think anything in respect of the internal workings of the investment committee has any affect on the kind of information which you want to get.

Mr. MARTIN (*Essex East*): Does the committee always sit three members at a time?

Mr. COYNE: That is a matter for the committee.

Mr. MARTIN (*Essex-East*): Does the committee sit three at a time?

Mr. COYNE: I say that is a matter for the committee.

Mr. MARTIN (*Essex East*): But you are not answering my question.

Mr. COYNE: Yes; I am.

Mr. MARTIN (*Essex East*): My question is when the committee meets do all the members as a rule meet—or does it not meet. Are the transactions carried on by the bank.

Mr. COYNE: The actual transactions are carried on by the banks; yes, in accordance with investment policy decided upon by the investment committee.

Mr. MARTIN (*Essex East*): Are there minutes kept of these meetings?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): Of all meetings?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): I suppose it would be fair to say that the fund is, in its most substantial aspect, a trust fund and is so regarded?

Mr. COYNE: Absolutely.

Mr. BENIDICKSON: Part of our difficulty is that we are attempting to examine the actual results in recent times of certain purchases by the investment committee, without having some calculations as to the market value at the various times. I have some figures which are my own calculations, but I would prefer to have a representative of the investment committee itself indicate what these prices would be based on, the decisions made at such and such a time, and what the position of the particular security would be marketwise today, and so on. How soon do you think we might have that in table form before us so that we can examine on that?

Mr. COYNE: The information for which you asked for the market values at three dates would not take very long to have prepared.

Mr. BENIDICKSON: Do you think we might have it this morning? Is there any possibility of someone on your staff doing that?

Mr. COYNE: Yes, I could have that calculation made this morning.

Mr. MARTIN (*Essex East*): Mr. Coyne, we were told by the Minister of Labour in the house that the fund suffered a loss of over \$10 million in 1957-1958.

Mr. COYNE: In what year?

Mr. MARTIN (*Essex East*): It was 1958-1959. Sometime in the Spring of 1958 we were told there was a loss of over \$10 million. You are, of course, aware of that?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): Having in mind that this is a trust fund, as you say, and mainly contributed to by the workers and employers, that would mean that roughly there was a loss of approximately \$8 million of moneys contributed to by the workers and the employers and roughly about \$2 million representing a loss of the state.

Mr. COYNE: No. That would not be correct.

Mr. MARTIN (*Essex East*): You do not agree with that?

Mr. COYNE: The interest earnings of the fund from the time it was established to the end of March, 1959, were \$271 million.

Mr. MARTIN (*Essex East*): What was that again?

Mr. COYNE: The interest earnings of the fund from the time it was established until March 31, 1959, were \$271 million. As I mentioned earlier, it is the earnings of the fund which should be looked at to assess the significance of the importance of particular profits and losses when securities are sold.

Mr. MARTIN (*Essex East*): That may be, but that was not my question. My question was this: there was a loss of \$10 million in 1958. Let us confine ourselves to that particular loss. It arose, did it not, as a result of the sale of certain securities of the commission?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): Would it be wrong for me to suggest to you—I do this because I want to find out the facts—would it be wrong for me to suggest to you that this \$10 million plus loss could have been avoided?

Mr. COYNE: I am not sure what you mean.

Mr. MARTIN (*Essex East*): It was a managerial loss?

Mr. COYNE: If you mean that securities which were sold had not been sold—

Mr. MARTIN (*Essex East*): Or if the securities had been invested in a particular way, there would not have been a loss.

Mr. COYNE: If you take the extreme case, and if the entire fund had, from the beginning, been held in cash, there would never have been any loss, profit, or earnings. If, on the other hand, the fund had been invested in treasury bills, there would have been revenue, but it is most unlikely that there would have been any profit or loss. But the revenue would not have been nearly as great as the revenue which has been earned through investment in a wide variety of securities and government bonds.

Mr. MARTIN (*Essex East*): You mentioned treasury bills. That is what I had in mind. I suggest that in 1955 the fund was authorized to hold on to a variety of government securities including three month treasury bills, and short term and long term bonds, all earning additional income from the investments. Now you are also familiar with section 86 of the Unemployment Insurance Act. That is the section which authorizes the Minister of Finance to make loans to the commission. At the time the securities were invested resulting in this \$10 million loss, was it not reasonable to assume, or was it not within the knowledge of most people that we had a serious unemployment problem in Canada?

Mr. COYNE: Most of those securities were purchased long before 1958.

Mr. MARTIN (*Essex East*): I am talking about their sale.

Mr. COYNE: I thought you said at the time they were purchased.

Mr. MARTIN (*Essex East*): If I did, I should have said at the time they were sold and these losses resulted.

Mr. COYNE: At the time they are sold, you are asking me whether there was a serious unemployment problem?

Mr. MARTIN (*Essex East*): Yes.

Mr. COYNE: I do not think that is the kind of opinion you should ask of me.

Mr. MARTIN (*Essex East*): I will leave it to the chairman. I suggest to you that you made this investment, and there is nothing sinister in my question, that when you made this investment and when you sold these securities there was heavy unemployment in Canada and there was a great drain being made on the fund. Is that not the case?

Mr. COYNE: The fund benefit payments were greatly exceeding its receipts from contributions and interest.

Mr. MARTIN (*Essex East*): And parliament made provision for further seasonal benefits, so the drain on the fund was abnormal; and is it not also true that at that time the fund was in a highly illiquid state?

Mr. COYNE: I do not think I would describe it that way.



Mr. MARTIN (*Essex East*): Well, it had very little cash on hand, and it had no treasury bills.

Mr. COYNE: Of what time are you speaking?

Mr. MARTIN (*Essex East*): In March, April and May of 1958.

Mr. COYNE: I would have to look back. The normal practice would be to accumulate treasury bills in the autumn and cash them in the winter. In November of 1957 the fund had \$71 million in treasury bills.

Mr. MARTIN (*Essex East*): At this period there were no treasury bills in the account of the commission.

Mr. COYNE: By March, 1958 the treasury bills had all been cashed in.

Mr. MARTIN (*Essex East*): So that was when it was in a highly illiquid state.

Mr. COYNE: I do not like your adjectives and adverbs. I can give you the facts, and other people can express their opinions on them.

Mr. MARTIN (*Essex East*): If I said to you that at that time the fund was in a highly illiquid state, would I be correct?

Mr. COYNE: That is your statement.

Mr. MARTIN (*Essex East*): I do say that, and I would be happy to have you show me that that was not the case. But there were no treasury bills whatsoever to the account of the fund at that time, and in Canada at that there was heavy unemployment, consequently there was a heavy drain on the fund.

Mr. COYNE: I did not say anything about unemployment.

Mr. MARTIN (*Essex East*): And in addition to the unemployment there was the fact that seasonal benefits, quite properly, were putting a further drain on the fund, and also at that time the bond market was not a very satisfactory one, and comparative prices were very low at the time that this \$10 million loss occurred.

Mr. COYNE: You are speaking now of March, 1958.

Mr. MARTIN (*Essex East*): I am speaking of the time when this loss occurred.

Mr. COYNE: That was not in March, 1958.

Mr. MARTIN (*Essex East*): I am speaking of the period when this loss occurred.

Mr. COYNE: Then we must look to see which month you have been asking me questions about.

Mr. MARTIN (*Essex East*): Could you tell us about the different months?

Mr. COYNE: I am not sure. I will have to look up the figures. This is information which properly should come from the commission itself. I do not normally have figures on the overall profits or losses of the unemployment insurance fund. And when you speak of losses, do you mean that the securities were sold at a price below the book value?

Mr. MARTIN (*Essex East*): Yes.

Mr. COYNE: Not a drain on the fund?

Mr. MARTIN (*Essex East*): I am referring to the losses which occurred when certain securities were sold and the total yield was less than the original investment.

Mr. COYNE: My recollection is that the greater part of the loss was incurred in the early months of 1959—perhaps in December, 1958, but not back in March, 1958 that you are speaking about.

Mr. MARTIN (*Essex East*): On the 23rd the minister of labour in answer to a question of mine stated that the unemployment insurance fund had incurred an actual loss of more than \$10 million during the fiscal year 1958-59 resulting from the sale of government bonds.

Mr. COYNE: March, 1958 was in the previous fiscal year.

Mr. MARTIN (*Essex East*): That is right.

Mr. COYNE: The losses during the previous fiscal year were on balance \$4,182,000 of which the largest item was away back in May, 1957 of about \$2 million, and another sizeable item in January, February and March of 1958, when the losses were about \$2 million. But that was for the fiscal year 1957-58.

In the fiscal year 1958-59 on the losses on the sale of securities—the first month of any significance was November, 1958, and again in December, 1958, and in February and March of 1959.

Mr. MARTIN (*Essex East*): I suggest to you that if those securities which resulted in a loss of \$10 million had been converted into treasury bills, as it would seem they might well have been because of the state of the market, there would not have been a loss to the fund in this amount, and that would have been the right thing to do in view of the highly illiquid state of the fund, and because of the growing demands made on it.

Mr. COYNE: I am not sure what period you are speaking of.

Mr. MARTIN (*Essex East*): I am speaking of the period when these losses took place.

Mr. COYNE: That was the period when the bonds were being sold to acquire treasury bills. Do you mean that the bonds should have been sold sometime earlier?

Mr. BENIDICKSON: No. The treasury bills were in the portfolio on March 31, 1958, and none of them were acquired until October and November of this year.

Mr. COYNE: That is right.

Mr. BENIDICKSON: And that is the period that Mr. Martin is examining about.

Mr. COYNE: He is talking about the period in which the losses were incurred.

Mr. BENIDICKSON: It is that fiscal year in which the minister of labour told the House of Commons that there was a loss from March, 1958 to March, 1959.

Mr. COYNE: As I understand Mr. Martin, he is saying that the fund should have been managed in a different way, and that if it had been managed in a different way, it would have been better off today for the fund. That of course is a question of judgment, and I do not want to get into an argument with you or with anybody else as to how the investment committee carried out its duties. We did what we thought right. We did what we thought was in the best interest of the fund, and we have done this throughout the period when we, or our predecessors, have been acting as an investment committee for the fund.

The fund is not one which can quickly, or in large volume, switch out of one kind of security into another. There are times when it seems desirable to do that, but usually it can only be done on a limited scale without taking a loss, or indeed having an adverse effect on the market.

In the circumstances, it is our opinion we did what was in the best interest of the fund as we saw it from day to day, week to week, month to month and so on, over this period.

Mr. MARTIN (*Essex East*): I am not suggesting that. I am taking the position that a member of the opposition must take. A request for contributions is being made from the two main contributors to the fund in respect to which certain losses have resulted because of the sale on the market of securities at a time when the market was low. It seems to me there should have been good management in view of the trend, and in view of the heavy unemployment, and in view of the necessity of having the fund in a liquid state, and that the sale of these securities—or that these securities should have been put into treasury bills where the loss would have been at best merely negligible rather than to sell them on the market at a time when they were bound to yield a return much less than the original investment.

Mr. COYNE: I accept your opinion that that is what you would have done had you been there at the time, but it does not follow that that would have been better for the fund than the course that was followed.

Mr. MARTIN (*Essex East*): That is right. That is a fair observation. Can you tell me precisely, having regard to the fact (a) that the fund was not liquid and that (b) you knew or must have known that there was going to be a heavy drain on it, why did you sell these bonds so as to yield less than the original investment rather than to put them into safer things, namely, treasury bills?

Mr. COYNE: You mean why did we not sell them sooner than we did?

Mr. MARTIN (*Essex East*): No. At the time you sold them why did you not put them in treasury bills?

Mr. COYNE: At the time we sold them—we did after—the fund did not need the money for these benefit payments, and that was true in October, November and December of 1958. There was \$75 million worth of securities sold then and put in treasury bills.

Mr. MARTIN (*Essex East*): I am suggesting to you that you did not buy any treasury bills until October, 1958.

Mr. COYNE: That is what I said.

Mr. MARTIN (*Essex East*): But this \$10 million on losses did not come from the purchase of treasury bills.

Mr. COYNE: It came from the sale of the bonds in order to buy treasury bills, and from the sale of the bonds in order to provide the commission with funds it needed to pay out this benefit payment. I do not want to argue with you, Mr. Martin. It is true if those bonds had been sold two years earlier, they would have been sold at better prices; but this is the kind of decision and the kind of judgment that any investment manager has to make at the time. We could have sold a quantity of bonds—I do not know how much—early in 1958 or 1957 and 1956 and put the proceeds into treasury bills and earned less money for the fund than was earned. As I say, I do not know how great a quantity of bonds could have been sold in these earlier periods for that purpose.

Mr. BENEDICKSON: I think what Mr. Martin is speaking about is what is shown on this table, and I think that is the basis of our examination because it is the only basis of information that we have in table form. The table would indicate that, as the governor says, for the first time in that fiscal year, \$19 million of treasury bills were purchased, and he said certain bonds were sold for that purpose as well as for the purpose throughout of paying the benefits.

Mr. COYNE: Yes.



Mr. BENIDICKSON: But there seems to be a close relationship between the purchase of treasury bills in October, 1958, when I think the intake to the fund was about the equal of what was going out. \$19 millions of treasury bills were purchased in October, but the substantial sales made in that month were conversion loan bonds which were purchased a few months ago. 1972 4½ per cent conversion bonds were actually liquidated at that time and, true, treasury bills were obtained. Is it correct that the Bank of Canada up until that time was buying conversion bonds and, in the opinion of the market, was supporting the conversion loan bonds?

Mr. COYNE: That is true on a day-to-day basis, with an eye on what the total quantities were and a hope that if the loosely held bonds could be taken off the market, that the market could get along on its own without any substantial decline in price. As you know, that endeavour was not successful. Bond prices of all kinds fell during that period, particularly in the United States; and pretty nearly all investors in the market concluded it was wiser to sell than to hold, and that it was certainly wiser to sell than to buy. So, whatever support the Bank of Canada was giving to the market had to be terminated.

Mr. BENIDICKSON: It terminated about October?

Mr. COYNE: Yes, roughly.

Mr. BENIDICKSON: Is my understanding correct, that because the Bank of Canada up to that time was supporting the new conversion loan bonds by being willing to purchase them, that that particular sale in October of \$17 million of the 4½ per cent bonds, which recently were acquired by the commission, were not sold at a loss; but in the following month, when the support no longer existed, when it was desired to purchase treasury bills, there was a capital loss on the sale of conversion bonds or in other bonds; is that correct?

Mr. COYNE: Probably, yes. But you said something about the conversion bonds having been purchased by the fund. Of course, they did not purchase; they converted their holdings of victory bonds into conversion bonds.

Mr. BENIDICKSON: In fact, they converted all of them.

Mr. COYNE: Yes, they converted all of them, and when they sold these conversion bonds they got a much better price for them than if they held on to the victory bonds and sold them.

The CHAIRMAN: Mr. MacInnis has been waiting to ask a question.

Mr. MACINNIS: Mr. Martin has made a statement that only the dates of the particular participation in this conversion scheme are very important, and that he could show later if they had not participated in this scheme and taken advantage of the windfall, instead of having a loss, the fund would have made a profit. Mr. Coyne, in view of your earlier statement that the participation in this scheme was a profitable one, would you enlarge on that?

Mr. COYNE: The unemployment insurance fund held about \$300 million of victory bonds.

Mr. MARTIN (*Essex East*): Was it not \$308 million?

Mr. COYNE: About that, yes, all of which bore 3 per cent coupons, and I imagine they had been bought somewhat above par originally or, certainly not under par, in the period mainly since the war. They converted them in accordance with the options made available by the government. The ones Mr. Benidickson is speaking of are the 4½ per cent bonds for 1972. It was in the interest of the fund to convert from a 3 per cent to a 4½ per cent bond. There were certain other financial benefits attached to different categories of victory bonds, according to what you converted; but over the long view the major benefit to the unemployment insurance fund, as to all the other Canadian investors who converted, was getting a higher interest rate.

There are, I think, two further points—and perhaps really only one—in relation to your question: instead of converting, it should have sold its victory bonds or, perhaps, after converting, it should have sold its conversion bonds earlier on. The fund could not possibly have sold their entire holdings. It was much too large for the market to take. It would have ruined the market and been disadvantageous to the fund to try to sell its entire holdings of victory bonds or any other bonds of comparable magnitude—\$308 million worth. Therefore, it must be a question of judgment as to whether the fund should have sold or tried to sell some of those bonds earlier than it did. All I can say is that the investment committee did not feel it was in the interest of the fund to embark on a liquidation program at that time.

Mr. MARTIN (*Essex East*): Was there not a period from July to the end of October when the bank maintained the market and the price of the converted bonds and victory bonds?

Mr. COYNE: Yes, the bank made a two-way market and it was active; but whenever it was necessary the bank was there as a buyer or a seller in order to assist the conversion operation and to try to keep a healthy condition so the people would not be disturbed, thereby avoiding any possible adverse developments in the market during that period. It went quite well for a time. In the case of some issues, the bank sold more than it bought; but particularly after the beginning of August, when there was a sharp break in the United States bond market, following on the decline that had already occurred, market conditions in Canada turned adverse and the tendency was for the bank to buy more long-term bonds than it sold. However, the bank was not there holding a basket for anyone to take advantage of. We were, we hoped, running a two-way operation and assisting investors who were out of balance and wanted to sell some part of their holdings and, at the same time, people were trying to buy these conversion bonds for cash. Facilities were made available for that.

Mr. MARTIN (*Essex East*): But there was no obstacle.

Mr. COYNE: There was no way the unemployment insurance fund could have sold a large quantity of bonds at that time. If the banks or insurance companies, or anyone else, had said they were going to dump huge quantities on the market, it would have been a smash, and they did not do so. I do not think the unemployment insurance fund could have either—

Mr. MARTIN (*Essex East*): We are getting ahead of our story, Mr. Coyne; let us deal with one thing at a time. It would have been possible to sell the victory bonds of the commission rather than have them converted, would it not?

Mr. COYNE: No, it would not.

Mr. MARTIN (*Essex East*): Why would it not?

Mr. COYNE: In my judgment you could not have found sufficient buyers for \$300 million worth of victory bonds.

Mr. MARTIN (*Essex East*): Well, assuming that that was not the case, there was no obstacle, apart from that, to prevent you from selling the victory bonds rather than converting them.

Mr. COYNE: There was no obstacle, other than our best investment judgment.

Mr. MARTIN (*Essex East*): And there were many companies, large insurance companies, without naming them, who converted their bonds but who before the end of October did actually sell the converted bonds. There were many, were there not? The bank was supporting the price.

Mr. COYNE: There were many investors who did that.

Mr. MARTIN (*Essex East*): My question was that there were large insurance companies.

Mr. COYNE: I doubt that. I do not know for sure. My impression was that the insurance companies as a whole increased their holdings of government bonds at that time. Some of them who did not have any victory bonds bought some in order to convert them. They may have sold their conversion bonds but I doubt it.

Mr. MARTIN (*Essex East*): Am I wrong in suggesting that the Manufacturers Life converted some of their victory bonds and sold them at prices supported by the bank before the end of October?

Mr. COYNE: I do not know.

Mr. MARTIN (*Essex East*): But you said a while ago there was not, and now you say you do not know.

Mr. COYNE: I said I did not believe there were any very large holdings thrown on the market. Now, there may have been, without my knowing it; but my impression was that the insurance companies as a group, and these groups would vary, added to their victory bond and conversion holdings during that period, particularly during the period of conversion. After the conversion, some may have sold some of their bonds. Obviously, a certain number of investors were selling, but I have no direct information concerning that.

Mr. MARTIN (*Essex East*): Mr. Coyne, I am suggesting to you, that having in mind that the fund's interest demanded a highly liquidated state at that time, it was not in the fund's interest to extend the term of their securities. It was in the interest of a debt management policy of the government of Canada to hold long-term securities. I suggest now that it was not in the interest of the unemployment insurance fund to convert these bonds, thereby extending the term of their holding, and that the wise thing to have done in the interest of the fund, which you say was a trust fund,—and that is proper,—was to have endeavoured to sell these bonds, some of these bonds, as so many people did, acquiring a substantial profit because of the support of the bonds given at that time by the bank, rather than have resulted, as we are now, in a very serious and heavy book loss running into quite a large figure.

Mr. COYNE: Well, in answer to part of your question, the fund did sell some securities, as you know, in October, November and December. As to the general course of action that was followed, in my judgment it was very much in the interest of the fund, looking ahead and not just looking to one particular period, to be earning a greater revenue from its very large investments.

Now, you say the fund knew it was going to have a heavy drain during the winter. It is true the prospects were for a drain. I do not know that anyone would have said it was going to be greater than the year before, and yet it turned out to be substantially heavier than the year before, partly because of the unemployment benefits which had been introduced but had not had their full impact. But my view is that it was in the interest of the fund to do this, and it will still prove to have been so five or ten years from now when we look back at the total financial position of the fund and take into consideration what money it is earning through interest.

Mr. MARTIN (*Essex East*): You say the future will show. You cannot say that, because at the present time there are heavy demands being made on this fund.

Mr. COYNE: No, not at the present time. It is my understanding that the changes which have been introduced with respect to contributions which have been proposed in the House of Commons—

Mr. MARTIN (*Essex East*): That is not law as yet.

Mr. COYNE: No, but it is my understanding that these changes which will be put into effect and which have been talked about for some time, as you know,



will put the fund in a position where it will not have a further drain on it, as was the case from 1953 to 1958.

Mr. CARON: The added contribution will mean only an increase of \$78 million. As of last year, the drain from the fund was \$253,483,000 and, if we do have a very serious unemployment situation, how can you expect the \$78 million will be able to keep the fund in good standing.

Mr. COYNE: I do not expect that myself; I take what the actuary says. He has given his opinion that under certain conditions he specified the fund would be in balance as between contributions and benefits over a period of five years. Now, you have mentioned the drain on the fund. This is not my business, but I am trying to keep a sense of proportion. The drain on the fund has been \$500 million in two-and-a-half years. That is why changes have to be made in the receipts and expenditures in the general balance of the fund, and not because of a particular capital loss on fall of securities of \$10 million or \$15 million, which is less than the interest earned in that year, to say nothing of the years that have gone before. What you are talking about is three cents on the dollar, but not more.

Mr. CARON: Is it not on account of the drain on the fund that the investment committee had to sell a lot of bonds that you had?

Mr. COYNE: Yes.

Mr. CARON: So there is a relationship between the state of the fund and the investment committee suggesting a sale?

Mr. COYNE: Yes.

Mr. BENIDICKSON: When the governor made his initial statement he said there were several factors that the investment committee had to take into consideration. He mentioned the changes that had taken place such as the changes in the benefits. That would be related of course to the anticipated cost particularly in a period of recession which would be reflected in the new legislation of 1957 respecting seasonal benefits, and the forecast for employment and so on; which would not seem to be the job of the investment committee to worry too much about the actuarial phase. But the investment committee must have regard to the future requirements of insurance.

Mr. COYNE: Yes, and we did so. It is a question of judgment. You balance what estimate you would make, and you certainly would not underestimate the amount of the fund, having regard to desirable earnings for that fund over a long period of time.

Mr. MACINNIS: I believe this question has been answered before, but it was suggested by Mr. Martin that the Unemployment Insurance Commission was not free to act on their own by way of investing. Is that so or is it not so?

Mr. COYNE: The investment committee makes its decisions. It is responsible for the decisions they make with respect to the investment of the funds.

Mr. MACINNIS: With no outside interference, as was suggested?

Mr. COYNE: That is right.

Mr. MARTIN (*Essex East*): Just a minute. I did not suggest there was any outside interference.

Mr. MACINNIS: Yes, you did. Do you want me to quote it from the record?

Mr. MARTIN (*Essex East*): Yes.

Mr. MACINNIS: I suggest that you said that if the Unemployment Insurance Commission had been free, just as a private individual, that instead of having a loss of \$10 million they would have had a profit of \$13 million.

Mr. MARTIN (*Essex-East*): That is right. I was suggesting that the governor and his colleagues were faced with a conflict of interest and responsibilities.

I was seeking to establish that the governor and his colleagues were responsible in part for the committee's management, and the policy of the government—they found themselves as trustees of this fund and they were faced with a conflict of interest, and as a committee of managers their responsibility was to encourage the public to purchase long term holdings, and that included the commission. But in the interest of the fund, I suggest, and this is part of the questioning of the governor this morning—but in the interest of the fund there should have been no placing of funds in long term securities, and that they should have thought to purchase treasury bills and short term securities.

Mr. COYNE: May I say that no man knows his own inner psychology. So far as I am aware the members of the committee throughout its history have had regard only to the interest of the fund. But you cannot consider the fund as a private individual, or as a trust company, or as an insurance company. Their holdings were, at any rate up until recently, tremendous, and far too large to take that point of view. A large fund of that sort whether owned by the government or owned by private investors would have to take a responsible attitude in the market—otherwise it would completely ruin the market for a long time to come. Therefore the fund has been administered by its trustees, its investment committee, with a view to the general state of the market.

It has been suggested—I am not sure by whom this morning—that the smart thing for all investors last summer was to sell out, to sell their victory bonds at par, more or less, and not buy government bonds, or any long term ones any more. Obviously investors as a whole could not possibly have done that. We should have had a catastrophic position in the financial market in this country which would have bankrupted all the financial institutions in the country if they had regard only to the market value of their securities.

If therefore investors as a whole could not adopt that attitude, it was up to individual investors who were able to go in and out of the market and make their own decisions. Some of them sold. Others held, and others bought. Those who held or bought may today think they made a mistake. Or, on the other hand, they may feel that they have a worthwhile investment, and they will continue to draw their  $4\frac{1}{2}$  or  $4\frac{1}{4}$  per cent for another 15 or 20 years when there would be a different yield in investments having regard to the conditions which existed when they made it.

In a fund of that size, you cannot try to beat the market. You cannot try to outsmart the other fellow. You have to take a fair average over a period of time. I do not think there is any other way that a fund such as this could operate.

Mr. BENIDICKSON: Is it not a fact that Mr. Taylor and the governor are probably the advisors to the Minister of Finance with respect to investments?

Mr. COYNE: We have been, ever since this fund has been in existence.

Mr. BENIDICKSON: This committee is studying a bill and it is recognized that 80 per cent of the funds administered by the committee are funds obtained from outside the government.

Mr. COYNE: Yes.

Mr. BENIDICKSON: And this same investment committee was attached to a greater extent than this committee, with responsibility of acting for the committee with respect to management policy? And is it not correct to say that we have two of these senior advisors to the Minister of Finance in the matter of debt management on the unemployment insurance investment committee? Is that a fair statement?

Mr. COYNE: Yes, and whoever put through the legislation in the first place must have thought it was in the best interest of the fund that that should be the management.

Mr. MACINNIS: Is there not a fair inference that the financial committee is not free to act? Is that not a further inference for the third time?

Mr. BELL (*Saint John-Albert*): I would like to ask Mr. Coyne if it is not true that in the conversion last autumn, the main bulk of investors who did not convert were those who held the early callable bonds as in the fund at that time, like the 1961's?

Mr. COYNE: No, I do not think that is correct. I think the proportion of conversion in the 1959 and 1960 issues was very high, and not quite so high in the 1962's, 1963's and 1966 issues.

Mr. BELL (*Saint John-Albert*): What percentage roughly of those that held these bonds?

Mr. COYNE: Roughly, it was 90 per cent.

Mr. BELL (*Saint John-Albert*): That is, in acting as you did, you were merely doing the same as 90 per cent of the people at that time?

Mr. COYNE: Yes.

Mr. BELL (*Saint John-Albert*): Do you not feel that if you had acted differently that you would not only have not supplied the leadership and salesmanship that was necessary to put over the conversion loan, but you also would have been acting contrary to what 90 per cent of the people did at that time?

Mr. COYNE: Yes, I think so; and I think it was in the interest of the fund to participate in the conversion loan to the fullest extent, and that it was very much in the interest of the fund that the conversion loan should occur and take place. Some may say that the bond market is not in a too satisfactory condition, but I believe in my own mind that it is in a much better position since last September, a much better condition than it would have been in had there been no conversion loan.

In order to put the conversion loan over it was necessary to make an attractive offering and to encourage the support of the largest possible section of the investment public.

Mr. BELL (*Saint John-Albert*): You do not feel that in converting as you did there was any mismanagement or new departure, as Mr. Martin charged last time? Mr. Martin suggested there was a new departure in the act of converting. I am not talking about the story that he has today about selling conversion bonds. But last time he was in effect speaking of there being mismanagement and a new departure for your committee.

Mr. COYNE: It was new in the sense that there had not been a conversion loan of this magnitude before, but there had been smaller conversions in which the fund had taken part.

Mr. BELL (*Saint John-Albert*): Were you worried about that departure at the time?

Mr. COYNE: You mean because it was something different.

Mr. BELL (*Saint John-Albert*): Yes.

Mr. COYNE: No. We thought it was advantageous and therefore not something to worry about.

Mr. MACINNIS: The conversion loan itself has been successful, in your opinion?

Mr. COYNE: Yes.

Mr. McMILLAN: You were going to give us the market value of the bonds and securities as of now.



Mr. COYNE: I made inquiries, but I do not believe we have those calculations yet.

Mr. McMILLAN: With respect to the market value, these bonds are, as of March 31, valued at \$490 million, those which are held as of now?

Mr. COYNE: What is that?

Mr. McMILLAN: \$490 million of bonds are held as of now in the fund at the present time.

Mr. COYNE: Subject to the loan of about \$80 million from the Minister of Finance.

Mr. McMILLAN: I would suggest that the market value of those bonds is roughly down about \$60 million as of now.

Mr. COYNE: \$60 million down from \$490 million.

Mr. McMILLAN: Yes.

Mr. COYNE: It is possible, but I have not made the calculation myself. I do not know. It is true that in the investment fund we bought bonds sometime in the past and hold them today, and that the market value is less than what we paid for them.

Mr. BELL (*Saint John-Albert*): And that is so with the United States.

Mr. COYNE: It is true with life insurance companies and with banks as well.

Mr. BELL (*Saint John-Albert*): And in the United States, too.

Mr. COYNE: Yes, of course.

Mr. McMILLAN: We can get that calculation?

Mr. COYNE: Yes, it is under way.

Mr. MARTIN (*Essex East*): Mr. McMillan has just said that his figures indicate there would be a book loss of \$60 million. You say that that of course could happen to any particular situation, any comparable situation. But we are addressing ourselves to this particularly because we are being asked to approve increased contributions that vary from 25 per cent to 56 per cent.

Mr. COYNE: But not in order to make the losses of the investment committee good.

Mr. MARTIN (*Essex East*): No, I am just stating the facts. We are being asked to approve a bill which calls for increased contributions which carry from 25 per cent to 55 per cent and which would yield additional revenue to the fund of, roughly, \$78 million or thereabouts.

As Dr. McMillan has suggested, in addition to the \$10 million plus loss in 1958-59, which was a realized loss, there is a further book value loss of \$62 million, a drop from \$490 million odd to \$427 million, which is almost equivalent to the amount of money that is being asked for by way of contributions. So you can see our concern in this matter. It is not a question of challenging your judgment or your good faith. That is the furthest thing from our minds. What we are trying to indicate, as Mr. Benidickson pointed out is that it was not in the interest of this fund to convert this \$300 and some millions; it might not have been in the interest of the fund to have converted this \$300 and some millions. What you have done, apart from the sale of \$17 million worth some time around the 15th of September, is to hold for a long time securities of the commission, which holdings should have been liquidated to meet the continuing drain. And while it was in the interest of debt management to do as you did, the government or you as a government agency should not have converted. It was not in the interest of the fund itself, I suggest to you, to have converted these bonds or all of them.

Mr. COYNE: I have already answered that question. I thought, and I still think, that it was in the interest of the fund to do so, and I think that if the funds had not been there, it would be worse off today.

Mr. MARTIN (*Essex East*): You say that it was in the interest of the fund?

Mr. COYNE: In my opinion, in my judgment.

Mr. MARTIN (*Essex East*): I suggest to you that it looks apparent to me that it was not. I suggest to you that if those victory bonds had been sold at the time when the bank was supporting the price in between the period of June or July and the end of October...

Mr. COYNE: Not victory bonds. You are speaking of conversion bonds.

Mr. MARTIN (*Essex East*): No, I am speaking of victory bonds.

Mr. COYNE: The bank was not supporting the price of victory bonds.

Mr. MARTIN (*Essex East*): Yes.

Mr. COYNE: The bank was not supporting the price of victory bonds.

Mr. MARTIN (*Essex East*): The bonds at that time were selling at par.

Mr. COYNE: Not victory bonds.

Mr. MARTIN (*Essex East*): I suggest to you that the market value at that time would show that they were.

Mr. COYNE: No. The value of victory bonds at that time—the longer terms—that was under 95, I think.

Mr. MARTIN (*Essex East*): We will come to that. But I suggest that it would be a true picture, and I suggest that the Manufacturers Life, I think you will find, at the time that they sold, dropped pretty well 100.

Mr. COYNE: For victory bonds?

Mr. MARTIN (*Essex East*): Yes.

Mr. COYNE: That is solely after the end of the conversion period.

Mr. MARTIN (*Essex East*): No; during the conversion period, between July and the end of October.

Mr. COYNE: There were two periods there.

Mr. MARTIN (*Essex East*): I beg your pardon?

Mr. COYNE: There were two periods there from July 15 to September 15. During the conversion period while the books were open on the conversion loan the victory bonds sold at somewhere around 99, I think. Immediately after the conversion privilege expired, the victory bonds dropped to around 95 and are a good deal lower than that today.

Mr. BELL (*Saint John-Albert*): May I ask a question regarding this conversion loan. In the light of the previous answers you gave me, would you go so far as to say you were actually almost precluded from not converting because of the leadership which was necessary and these other reasons we have mentioned.

Mr. COYNE: Yes; but we were precluded because, considering all factors together, we thought it was in the best interests of the fund to make the conversion.

Mr. BELL (*Saint John-Albert*): But really there was no alternative to doing so.

Mr. COYNE: There was no alternative. We could not have sold those bonds in that volume without breaking the market. We could have refrained from converting but we would have been worse off than if we had.

Mr. BENIDICKSON: It depends whether we are speaking about all or part of the 308. A little while ago I was going to question about the conversion of the fifth and the sixth into a longer term. I think that involves about \$90 million. That is a different thing. There is no advantage there.

Mr. COYNE: There was advantage there in two ways. There was advantage in the value of the bonds because an additional payment was made of two points in the case of the 59's and  $1\frac{1}{2}$  in the case of the 60's.

Mr. BELL (*Saint John-Albert*): I would like to ask Mr. Benidickson or Mr. Martin if they do not feel when this conversion loan was decided upon by the government that it would have been an act of bad faith by the investment committee if they had not got behind the loan?

Mr. MARTIN (*Essex East*): You have asked a fair question which I think deserves an answer. There is no doubt but that the members of the investment committee were in a very difficult position as the chief officers advising the government in the problem of debt management. However, the problem at the outset was that the same gentlemen are also trustees of a fund, not a government account but a fund contributed to by the workers and employers.

Mr. COYNE: And by the government.

Mr. MARTIN (*Essex East*): A trustee of a fund has a duty only to that fund and to consider exclusively the interest of that fund.

Mr. BROWNE (*Vancouver-Kingsway*): Which they have done.

Mr. MARTIN (*Essex East*): Not in this instance.

Mr. COYNE: You are just making charges against us all over again. I do not see anything more useful to say than what I have said, that we did not act in the way you say. We acted as trustees in the best interests of the fund exclusively.

Mr. MARTIN (*Essex East*): I have no doubt that you thought you were acting in the best interests of the fund. I was answering Mr. Bell's question. I say there is an incompatibility in the dual function which presented itself to at least two members of the investment committee at that time. I think on September 15 you sold \$17 million of converted bonds.

Mr. BENIDICKSON: On the table it shows it for October. I do not know what the date of the sale was.

Mr. MARTIN (*Essex East*): Did you get my question?

Mr. COYNE: No.

Mr. MARTIN (*Essex East*): I was saying, why did the committee decide to sell \$17 million of the Unemployment Insurance Commission funds which were in converted participation.

Mr. COYNE: When?

Mr. MARTIN (*Essex East*): In September or October. I say September 15, but Mr. Benidickson says October.

Mr. COYNE: I could not go back into individual transactions. The general purpose, however, was to sell bonds in anticipation of winter needs and to put the proceeds into treasury bills. I think \$75 million were sold prior to the end of December.

Mr. MARTIN (*Essex East*): The \$17 million was in October. These were the government bonds due in 1972, long-term bonds. I say when these bonds in the amount of \$17 million were sold, the funds were used to purchase treasury bills. Is that right?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): That is doing exactly what I suggest should be done, instead of participating in the bond conversion scheme.

Mr. COYNE: I accept your opinion.

Mr. MARTIN (*Essex East*): It is not an opinion. I am asking a question. This is a very important matter. If the argument which we have been making this morning is right, it could not be justified to suggest that we should increase the contributions to the workers and employers to this extent.



Mr. COYNE: Surely I can point out to you, Mr. Martin, that the degree of change in the investments of the funds and this book loss incurred at a particular time has nothing whatsoever to do with the necessity for altering the scale of benefits and the contributions in the fund as a whole. I cannot discuss it in those terms. It has nothing to do with it.

Mr. MARTIN (*Essex East*): I was making a comment in regard to something which had been said at this table. I am trying to figure out why you converted this \$300 million into long-term securities at a time when I say the fund should have remained liquid because of the very substantial drain being made on the fund. In answer to that, you said that any attempt to sell on the market would have broken the market. I suggest to you you could have bought treasury bills with this \$300 million in short-term securities.

Mr. COYNE: We did not have \$300 million. We had bonds to a par value of \$300 million.

Mr. MARTIN (*Essex East*): To the extent they could have been sold, they could have been converted to treasury bills.

Mr. COYNE: To the extent they could have been sold, yes.

Mr. MARTIN (*Essex East*): My point is that it would have been in the interests of the fund to do that.

Mr. COYNE: I also accept your opinion on that. I have given you my answer as to why we did what we did as I see it.

Mr. GRAFFTEY: I feel at this stage of the discussion I would like to put a very general question in relation to the very fine testimony up until now. From what you have already said, am I correct in saying that anything in relation to a fund of this size which is contrary to basic sound management is also detrimental to the fund itself.

Mr. COYNE: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): On the conversion loan itself was there a profit realized?

Mr. COYNE: Yes.

Mr. MACLEAN (*Winnipeg North Centre*): How much would that be?

Mr. COYNE: It was not large in relation to the total holdings of the fund. It was one or two million.

Mr. MACLEAN (*Winnipeg North Centre*): There was a profit?

Mr. COYNE: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): It seems to me it is ridiculous to be discussing this particular transaction. On the investments of the fund I believe Mr. Coyne said there had been profits of \$271 million over the years since the inception of the fund. What was the position for 1958 and 1959? Was there a profit or loss in the investments for that year?

Mr. COYNE: In 1958-1959 or 1957-1958?

Mr. BROWNE (*Vancouver-Kingsway*): Perhaps we could have both?

Mr. COYNE: In 1958-1959, the interest earned was \$20 million, amortization of discount on the bonds was \$2 million and loss on sale of bonds of \$10 million, for a net revenue from investments in that year of \$11½ million.

Mr. BROWNE (*Vancouver-Kingsway*): A net profit to the fund of \$11½ million on the investments for the year 1958-1959?

Mr. COYNE: If you charged to the revenue of that year the whole amount of the capital losses of sales in that year. Of course, it would be perfectly permissible to amortize them over a period of years.

Mr. SMITH (*Winnipeg North*): Would you have the figures for the previous year, 1957-1958?

Mr. COYNE: In 1957-1958, the interest earnings were \$27 million, book receipts by way of amortization were \$1 million, losses \$4 million, for a net revenue of \$23.7 million.

Mr. SMITH (*Winnipeg North*): Over the period before that could you say generally whether there was a profit or was there ever a year in which there was a loss?

Mr. COYNE: Never a year in which there was an over-all loss.

Mr. SMITH (*Winnipeg North*): Never was?

Mr. COYNE: No.

Mr. BENIDICKSON: In the absence of the table as to market values, I wonder if I could draw attention to section 86 and the new policies in respect of borrowing from the government rather than selling securities. Section 86 says that where the amounts standing to the credit of the unemployment insurance fund are not sufficient, the Minister of Finance—and these are the words I am interested in—on the recommendation of the commission may—and so on. Did the Unemployment Insurance Commission requisition that securities not be sold and that on the contrary a new policy be adopted?

Mr. COYNE: I think Mr. Taylor could answer that.

Mr. BENIDICKSON: This may not be something with which the investment committee is familiar. I think it would be a step from the commission to the Minister of Finance. Perhaps a member of the commission might answer.

Mr. TAYLOR: My recollection is there was a letter from the chairman of the commission.

Mr. BENIDICKSON: My information is on the contrary, that it was done by the government without a requisition from the commission. Can we clear this up? I am wondering why the statute was changed if it was not.

Mr. MACLEAN (*Winnipeg North Centre*): I do not think we are asking questions of the proper persons.

Mr. BENIDICKSON: I want to know on whose advice and why they decided to refrain from selling further securities and borrow from the government at five per cent. My information is the securities which they have decided to sell as of April 1 are actually down \$16 million in value since that time.

Mr. MACLEAN (*Winnipeg North Centre*): But I do not think this has anything to do with the investment committee.

Mr. BENIDICKSON: Who decides to sell more investment securities and borrow from the government?

Mr. COYNE: That is not the decision of the investment committee. The investment committee would be advised by the commission whether it needed to raise funds by the sale of securities. If the commission was able to raise money in some other way, it would be outside the purview of the investment committee.

Mr. BENIDICKSON: The reason this step had been taken was that there was a lack of liquidity in the fund.

Mr. COYNE: The commission decided they would rather raise money in the way indicated than by selling further holdings of securities if the government was willing to make the loan.

Mr. BENIDICKSON: That is the decision of the commission and not of the investment committee?

Mr. COYNE: That is right.

Mr. BENIDICKSON: One of the conditions in lengthening the term of the holdings of the commission at a time—

Mr. COYNE: Excuse me. I would not want to mislead you. The commission would no doubt be aware of the difficulties of selling securities on the market under these conditions in large volume and may well have considered the losses they were taking, and the prospects of further losses at a time when they would want to find some other means of raising funds; but the particular method they chose is not a matter which has anything to do with the investment committee.

Mr. BENIDICKSON: That decision would be a matter of concern to the investment committee?

Mr. COYNE: It is not a matter which comes within the purview of the investment committee.

Mr. MARTIN (*Essex East*): I understand the Minister of Finance gave permission to take a loan in this amount. You say that was not a decision of the investment committee. Does that mean that the investment committee was not aware of the fact that the Minister of Finance for the first time in the history of the fund, also ordered, by order in council as it happens, the commission to take this loan in the amount of \$8 million.

Mr. COYNE: The investment committee would be aware, generally speaking, of the fact that the commission had other prospects of obtaining money.

Mr. MARTIN (*Essex East*): No. Are you aware that the Minister of Finance ordered the commission to take that money?

Mr. COYNE: I do not understand that.

Mr. MARTIN (*Essex East*): By an order in council dated the same day in April?

Mr. COYNE: I was aware there was an order in council.

Mr. MARTIN (*Essex East*): Saying there would be available to the commission certain moneys bearing the rate of five per cent. Was that rate arrived at in consultation with the investment committee.

Mr. COYNE: It has nothing to do with the investment committee.

Mr. MARTIN (*Essex East*): Was it arrived at in consultation with the investment committee?

Mr. COYNE: I am saying it has nothing to do with the investment committee.

Mr. MARTIN (*Essex East*): You are saying that the five per cent was not arranged in consultation with the investment committee?

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): I am suggesting to you that if the policy had been pursued, as Mr. Benidickson indicated, of keeping the fund in a more liquid state, would not have been necessary to make this invasion by way of credit on the consolidated fund? It would not have been necessary for the Minister of Finance to loan the commission any money if the fund was in a more liquid state.

Mr. COYNE: If one carries that to the point of saying that if the fund had money in the bank they would not have had to borrow from the government, that is the case, or course.

Mr. MARTIN (*Essex East*): And that should be the policy of the investment committee. This is reflected in another loan about which I would like to ask you. I understand that in January, 1958, the investment committee decided to invest some money in the C.N.R. 4 per cent bonds maturing on February 1, 1981?

Mr. COYNE: Yes?

Mr. MARTIN (*Essex East*): Am I right in saying that the \$300 million issue was not a very popular one?



Mr. COYNE: The C.N.R. issue?

Mr. MARTIN (*Essex East*): Yes?

Mr. COYNE: On the contrary, it was extraordinarily popular. It went to a substantial premium over the issue price. Later, of course, it declined as all bonds declined in value. However, that particular issue, when it was first put out, was very eagerly sought after.

Mr. MARTIN (*Essex East*): I notice in your annual report of 1958 at page 24 you say:

The first government borrowing operation of the year was announced early in January, a \$300 million issue of 23-year government-guaranteed C.N.R. bonds, yielding 4.20 per cent, for delivery on February 3. Distribution of the new issue involved initially a large increase in bank loans to security dealers, but this was worked off in the next two months.

That indicates it was not too popular an issue.

Mr. COYNE: It was popular with investment dealers. They bought it and tried to get more and in the course of their trading in the market that bond went to a premium.

Mr. MARTIN (*Essex East*): I suggest to you in any event, whether or not it was popular, being a long-term issue that it was not the kind of a security which, at that time in view of the state of the fund, should have been a matter of investment.

Mr. GRAFFTEY: That is another statement.

Mr. MARTIN (*Essex East*): It is another question.

Mr. GRAFFTEY: You have been making a series of statements.

Mr. MARTIN (*Essex East*): Please do not interrupt.

Mr. MACLEAN (*Winnipeg North Centre*): While you are looking that up, Mr. Coyne—

Mr. MARTIN (*Essex East*): Let us have just one question at a time.

Mr. MACLEAN (*Winnipeg North Centre*): —in buying such bonds do you consider the investment derived from that over a period of years?

Mr. COYNE: We considered at the time that investment was made that it was a good one for the fund to make. The fund has to participate in new issues—

Mr. BELL (*Saint John-Albert*): Hear, hear.

Mr. COYNE: —from time to time in order to keep a variety of securities in its portfolio.

Mr. MARTIN (*Essex East*): May I interrupt?

Mr. COYNE: Yes?

Mr. MARTIN (*Essex East*): You say the fund has to participate?

Mr. COYNE: Because it is in the interests of the fund to have a variety of securities in its portfolio and, every month that goes by, its bonds become shorter in term. You cannot overlook long-term issues merely because they are long-term.

Mr. MARTIN (*Essex-East*): Would I be wrong in suggesting that another reason for the decision of the investment committee to purchase these C.N.R. bonds was because they wanted to give the bond issue campaign some encouragement?

Mr. COYNE: You are quite wrong.

Mr. MARTIN (*Essex East*): Then will you explain why you sold these securities a year later at a very considerable loss?

Mr. COYNE: Because there was a market for them we felt was better than alternative securities at that particular time.

Mr. MARTIN (*Essex East*): In February and March these long-term securities were sold on the market with the price of the bonds ranging between 85 and 89.

Mr. COYNE: That is quite possible; but I do not have the figures in front of me.

Mr. MARTIN (*Essex East*): That is quite a loss. It seems to me, or at least it is argued, that it was not in the interest of the fund to make this kind of an investment in view of all the considerations we mentioned a while ago, liquidity, drain on the fund, and so on. You say you think this was a good investment to make?

Mr. COYNE: In January, 1958, it looked like a good investment to make.

Mr. MARTIN (*Essex East*): In spite of the fact that there was no liquidity in the fund, you still say it is a good thing to invest in long-term securities?

Mr. COYNE: In January, 1958, yes.

Mr. BELL (*Saint John-Albert*): Is Mr. Martin saying he thought the C.N.R. security was not a good one? He is holding himself out as an investment authority this morning.

Mr. MARTIN (*Essex East*): I thank you for that, but I am not holding myself out as an authority. This is the largest fund of its kind in Canada. Is that correct?

Mr. COYNE: I believe so; the largest holding of government bonds in Canada.

Mr. MARTIN (*Essex East*): It is not good accounting. This is a fund which largely emanates from contributions made by two groups in our country. Consequently, we in the opposition, and even those in the government, are faced with a proposal before this committee for increased contributions and we are examining here the commission and the investment committee. I am suggesting that the investment committee, by error of judgment, by incompetency, by conflict of function, contributed to a large loss which Dr. McMillan estimates in the amount of \$62 million plus an actual loss in 1958-1959 of another \$10 million. That is a very important loss at a time when you are asking some of the main contributors for practically the same amount of money by way of increased contributions. That is what I am trying to bring out.

Mr. COYNE: Mr. Martin, we have been over this so many times before. If you wish to have, in the appropriate way and in the appropriate form, an inquiry into the competency of the members of the investment committee or their good or bad judgment, no doubt there is a way by which parliament can accomplish that. However, the examination this morning has nothing to do with whether or not there has been change in the contributions and benefits under the Unemployment Insurance Act.

Mr. MARTIN (*Essex East*): I suggest that the questions we put will be decided by the members of this committee. I am suggesting it was not a good policy to invest in long-term securities at a time when there was a heavy drain on the fund.

Mr. GRAFFTEY: That is not a question; it is a statement. Do we have to sit here in committee all morning and hear statements like this when we have a very expert witness here. We have been listening to statements for an hour in front of an expert witness. These are all political statements. We have before us one of the finest witnesses in this nation and it is a waste of time to have statement after statement when we have an able witness here.

The CHAIRMAN: The observation made by Mr. Grafftey is perfectly correct. Mr. Martin has repeatedly put the same question, in different language, to Mr. Coyne in an attempt to get him to say the commission is incompetent. He is questioning the competency of the investment committee.

Mr. GRAFFTEY: There have been observations regarding labour's interest and the national interest.

Mr. BENIDICKSON: These witnesses were brought here on the motion of two government supporters. There is every justification to decide whether or not there is any possibility of having a dual responsibility or incompetency, as Mr. Martin said, in the investment committee, of a fund in which there is 80 per cent of outside money. That the committee said, is not so; that there has been no incompatibility and yet they decide it is in the best interests of the fund to buy long-term securities, and so on.

The CHAIRMAN: Mr. Benidickson, the committee has answered you repeatedly that in their own judgment they made the best decision they could. You will not accept that and are trying to get them to say what you want them to say; they will not do it. I think we have pursued this as far as we can without repeating the same things over and over again.

Mr. McMILLAN: Mr. Chairman, may I ask a question?

The CHAIRMAN: Yes.

Mr. McMILLAN: The proposed amendment is supposed to bring in something close to \$100 million when you include the government contributions. Is that right?

Mr. COYNE: I am not familiar with the exact figures.

Mr. McMILLAN: That evidence has been given. Supposing we had unemployment on the same basis, or nearly as much as last year, that would not be enough to cover it; would it?

Mr. COYNE: No, it would not.

Mr. McMILLAN: It would not. Therefore we must have a considerable pickup in employment in order to cover the fund, even with the increase.

Mr. COYNE: There has already been a very substantial pickup in employment.

Mr. McMILLAN: I know, I realize that. Have you the figures concerning the market value of that fund?

Mr. COYNE: Yes. You asked for the market value of the portfolio up to March 31, 1959. It is calculated at \$437.5 million, against a par value of \$490.1 million. Then on April 30, 1959 the market value of the same securities was \$433.4 million, and as of May 31, 1959, the same securities had a market value of \$430.3.

Mr. CARON: And a book value of what?

Mr. COYNE: I do not have the book value. The par value was the same as before.

Mr. CARON: \$490 millions?

Mr. COYNE: Yes.

Mr. McMILLAN: As of May 31, that amount is down about \$60 million.

Mr. COYNE: The difference between the market value and the par value, yes.

Mr. BELL (*Saint John-Albert*): You could get that from the adjusted averages of the stock market.

The CHAIRMAN: I think that terminates the questioning.

Mr. MARTIN (*Essex East*): What is that?

The CHAIRMAN: I said I thought that terminates the questioning. There have been no questions asked in the committee for quite a while, so perhaps we could deal with the bill now.



Mr. MARTIN (*Essex East*): No, we are not finished with our questioning.

The CHAIRMAN: Who is deciding when we are through? And when is the decision going to be taken when we are through?

Mr. BENIDICKSON: Perhaps the appropriate question at this time would be the one I started to ask in the first place; how frequently does the investment committee meet?

Mr. COYNE: I do not believe that has anything to do with the business before the committee. It is a matter exclusively for the investment committee, how they manage their own affairs.

Mr. BENIDICKSON: I do not think the witness should say that what he thinks is the business before the committee. That is something for the committee itself to decide. That is up to the committee. Why did you say that you thought it had nothing to do with the business before the committee.

Mr. COYNE: Because I did not see any connection.

Mr. CARON: I asked this question: In April, 1958 and up to March 31, 1959 how many times did the investment committee meet?

Mr. COYNE: I do not know. And Mr. Benidickson's question was of a different character. He said: "how often does the committee meet". I say that the management of its own affairs in that particular is entirely something for the committee to decide for itself.

Mr. CARON: The Unemployment Insurance Act in section 27 says that the investment committee shall meet, and that it shall have 3 members.

Mr. COYNE: Yes.

Mr. CARON: It acted according to the law?

Mr. COYNE: That is right.

Mr. CARON: Did you meet regularly in the year 1958-59 to decide on these things?

Mr. COYNE: We met on such occasions we thought it desirable to meet.

Mr. CARON: You might say whether you met often or not. How many times did you meet?

Mr. COYNE: I do not know.

Mr. CARON: You have the minutes of those meetings?

Mr. COYNE: There are minutes, yes.

Mr. CARON: It must be shown in the minutes how many times you sat, and for what purpose.

Mr. COYNE: There are minutes of each meeting.

Mr. CARON: Could you not refer to those minutes and tell us how many times you sat?

Mr. SMITH (*Winnipeg North*): I agree with Mr. Coyne. I do not think this has anything to do with the bill before us. It is just another attack on this committee. And if they wish to make these attacks they should do them in the proper way in the House of Commons.

Mr. CARON: On a point of order, the hon. member stated that this should be done in a proper way in the House of Commons. But the hon. member should know that nothing can be discussed in the House before the report of the committee is made.

Mr. SMITH (*Winnipeg North*): You can wait for the report of the committee.

Mr. CARON: Once the report of the committee is made, we cannot get information from the committee; and in view of the information we have to have, according to the rules of the house, this question is quite proper, because

there was an objection, and the point has been raised having to do with the amount of \$353 million.

Mr. COYNE: Not by a transaction of the investment committee. I am here to answer questions on transactions of the investment committee. But if you do not have any questions on that subject, I suggest I should be released to go about my proper business.

Mr. CARON: I was asking a fair question. How many times did the committee meet, and if the decision has been made by one man or by the minister, or by the three members of the committee. That is what I want to know. And the only way we can know that is to know how many times they met during the year; otherwise I would be putting answers in the mouth of the witness.

The CHAIRMAN: The witness has answered you. He has answered the question as far as he intends to answer it.

Mr. CARON: Was it proper for the witness to say that he had finished with his answers? I think he is at the service of this committee to answer any question put to him.

Mr. SMITH (*Winnipeg North*): Those are charges, not questions.

Mr. CARON: They are not charges. They are questions. I want to know if the decisions were made by one man, the minister, or by one member of the committee, or by the three members of the committee.

Mr. COYNE: I think I have answered that question.

Mr. MACINNIS: There is only one purpose that committee serves in coming here and that is to ask questions pertaining to their investments and nothing else.

The CHAIRMAN: Give us a motion to indicate that you are finished.

Mr. McMILLAN: I want to be certain about this. As of May 31 the cash value—I mean the value in that fund, if they were sold at today's prices, the securities is \$430.3 million. Now, the net value of that fund then—I want to be put right—would be that amount less \$80 million plus the cash still in the fund. Is that right?

Mr. COYNE: It would be the net value. Do you mean to value the securities at the market value?

Mr. McMILLAN: Yes, at the market value it would be \$350.3 million plus the amount of cash on hand in the fund.

Mr. COYNE: I believe so, but that is an accounting question. That has nothing to do with me.

Mr. McMILLAN: You said that there was about \$80 million of borrowing.

Mr. COYNE: So I understand.

Mr. McMILLAN: \$430.3 was the market value as of May 31, I think?

Mr. COYNE: Yes.

Mr. McMILLAN: And I subtract that \$80 million; these bonds are hypothecated for this borrowing. That leaves \$353.3 million. Then you would have a certain amount of cash in the fund. So the present market value is \$353.3 million plus the cash in the fund. Is that right?

Mr. COYNE: No. The market value is \$430 million for the securities owned by the fund; that is on the assets side of the balance sheet; that is the actual value, the book value. The value on the balance sheet is the book value, not the market value.

Mr. MACLEAN (*Winnipeg North Centre*): If there are no more questions, let us get on with the bill.

Mr. MARTIN (*Essex East*): Please do not keep on saying that.

Mr. MACLEAN (*Winnipeg North Centre*): I did not. That was the first time I said it. Open your ears.

Mr. CARON: How often have you met in the last year?

Mr. MACLEAN (*Winnipeg North Centre*): That question is out of order.

The CHAIRMAN: Mr. Coyne has answered that question. He says he does not intend to go any further.

Mr. CARON: He said he does not know.

The CHAIRMAN: Well, that is the answer.

Mr. CARON: If he does not know offhand how many times did they meet last year, I do not think you have the right to call my question out of order.

The CHAIRMAN: I am not calling your question out of order. I said that the witness had answered your question. It is up to you, Mr. Coyne, if you want to answer it. If I were you, I would not answer it.

Mr. CARON: I think it is important for us to know the answer.

Mr. MACLEAN (*Winnipeg North Centre*): You are challenging the good faith of the committee?

Mr. CARON: No, I accept his answer. But I want to know if some of the members of the committee know, offhand? This will be coming up in the house and it will be decided by the house, not by you; because when we are dealing with it in the house we have our way of dealing with it. And if you were here while the Conservatives were not in power you would know there are many ways to deal with it. So I ask if the other members of the committee know how many times they met during last year?

Mr. MACINNIS: On a point of order, it has been clearly understood by the committee, and the reference was to the fact that this investment committee was invited here today on a motion by a Conservative member seconded by someone—not that Mr. Martin did not want to second the motion—but that they were to come here for one express purpose, namely to deal with the investments, and to answer questions pertaining to their investments. And I would draw to the attention of the chair that any other questions at this time are out of order, and I do not think you should hesitate to rule them as such.

Mr. CARON: I never heard anything as narrow as that in my life. We have our reasons. We are not necessarily supposed to give them to the committee. We will have something to say about it in the house, with respect to this same bill, and we have to know what is coming up and what we intend to do with it. That is why I asked Mr. Cushing if he remembered how many times they met during 1958-59.

Mr. CUSHING: No, not in actual meetings. That would be difficult to measure, because the committee members could meet on the telephone. And periodically we have met by means of private correspondence. We would have had formal meetings, but it would be pretty hard to measure how many of them we have had during the year.

Mr. CARON: Some decisions were taken by telephone calls between the three members? Is that right?

Mr. CUSHING: No. But our opinions were asked for periodically over the telephone, and we would hold another meeting to formalize them.

Mr. CARON: Not on the advisability of holding a committee meeting, but decisions were taken by means of telephone calls?

Mr. CUSHING: Some of our business is conducted by means of confidential correspondence too.

Mr. CARON: I want to know if every time something came up, the investment committee met and how many times? You do not know? And if you do not know, I accept your answer.



Mr. BELL (*Saint John-Albert*): We have had quite a pause here now. I think we should thank Mr. Coyne and the other two members of the committee for coming here this morning. I think it has been very informative, and that they have answered the questions frankly. Some were a little bit off the particular situation, and there was considerable repetition in the last half hour. But that of course is not due to the witnesses, and I think we should thank them for their very kindly coming to us and giving us the benefit of their answers to our questions.

Mr. MACLEAN (*Winnipeg North Centre*): Hear, hear.

The CHAIRMAN: Will you move a motion to that effect?

Mr. BENIDICKSON: Is there going to be steam rolling now? Is that the signal?

The CHAIRMAN: You have been steam rolling, yourselves, all the morning.

Mr. BELL (*Saint John-Albert*): I think there has been a pause for about 15 minutes, and if there are no more questions during this period of 15 minutes, and if the other end of the table has not been able to think of any more questions, then we should thank the witnesses.

Mr. CARON: We have to study our reports before putting questions to you.

Mr. MACLEAN (*Winnipeg North Centre*): You had better do some homework.

Mr. CARON: We have to go back to our memoranda in the light of the answers we have. And in any court the judge will permit you to stop to consider your notes. I realize this is not a court of justice, but surely we could at least have an opportunity to look at our notes before asking our questions.

Mr. MACLEAN (*Winnipeg North Centre*): This is not a trial.

Mr. CARON: That is what I just said; this is not a court of justice.

The CHAIRMAN: Let us proceed with item 6.

Mr. MARTIN (*Essex East*): I have some questions to ask Mr. Coyne. I appreciate fully what you said about Mr. Coyne, Mr. Taylor and Mr. Cushing.

Mr. BELL (*Saint John-Albert*): Mr. Martin has had the advantage of a pause of about 15 minutes. I state that for the record.

Mr. BENIDICKSON: It would not be a pause of more than 60 seconds.

Mr. MARTIN (*Essex East*): At page 3649 of Hansard, the minister of finance this year in answer to an observation I made on this bill said:

Finally, Mr. Speaker, we are accused of maladministration in connection with the fund itself. We are told first of all that there has been compulsion on the part of the government, applied to the unemployment insurance commissioners in relation to their conversion of victory loan bonds into the conversion bonds of 1958.

Mr. Speaker, that statement is untrue. There is not a little of truth in it. Those upon whom the responsibility in this matter is laid by the act reached this decision of their own free will and accord and they made a wise decision. Mr. Speaker, to convert their holdings of victory loan bonds into conversion loan bonds because thereby they obtained a higher rate of interest for the benefit of the fund and contributors to it. They obtained in return a bond that has consistently sold in the market at a higher price than the victory loan bonds have sold at any time since then. In addition, they made a profit for the benefit of the fund and its contributors in so doing. We are charged with making a mistake in that respect. I think those who were responsible for the decision to convert ought to be congratulated.

Then finally, Mr. Speaker, we are told that there have been capital losses. I wish there were time to document the denials and the contradictions that should be made to the hon. member for Essex East for

the misstatements he put on the record in this house on May 11—and there are a number of them—when he said there was compulsion and that there were capital losses due to the conversion. That is not true. I am coming now to the final point, and talking about capital losses. He said this, as reported at page 3551 of Hansard:

—as a result of its forced participation in the bond conversion scheme of this government had lost over \$10 million.

Mr. Speaker, that is not true. It did not result from the conversion at all. It resulted from sales, Mr. Speaker. This is another sample of the Martin twisting of the facts.

I ask you, Mr. Coyne, referring to the statement made by the Minister of Finance, if by converting the bonds at a higher rate of interest, it would represent a benefit to the fund. Is that statement of the Minister of Finance only partly true? Let Mr. Coyne answer. This is very important. Obviously, you people have not studied your material or you would see how important it is. Is that right, Mr. Coyne?

Mr. COYNE: Well, the substance of the question, as I understand it, is: did the fund improve its revenues by converting? And my answer is yes.

Mr. MARTIN (*Essex East*): But that was not my question.

The CHAIRMAN: No, that is not the answer he wants, Mr. Coyne.

Mr. MARTIN (*Essex East*): I will repeat the question. I would like to refer clearly to the statement made by the Minister of Finance who said that by converting these bonds a higher rate of interest had been obtained for the benefit of the fund. My question to you is: is that only partly true?

Mr. COYNE: If you received an increase in salary, and somebody asked you if you got an increase, or was it only partly true, I do not know how you could answer it.

Mr. MARTIN (*Essex East*): Surely we do not want to get into speeches.

The CHAIRMAN: He can make the same kind of speeches you have been making.

Mr. MARTIN (*Essex East*): I object. It is not your right to comment on the merits of any particular question. We have been trying to proceed this morning in as objective a manner as possible. So I would ask, in the interests of the remaining portion of this interrogation of the government—of the bank—if you would kindly observe in so far as is humanly possible something which might be described as a judicial manner.

The CHAIRMAN: Let me tell you this: you have been the greatest offender to interrupt other people who spoke; and what is good for you is good for them. So as far as I am concerned, they are absolutely in order any time they want to interrupt you.

Mr. BENIDICKSON: The witness used the word “speeches”.

Mr. COYNE: The witness did not use that word.

Mr. BELL (*Saint John-Albert*): This is the weakest filibuster I have ever heard delivered in parliament, and if this is an example of a Martin filibuster, he should not be proud of it.

Mr. GRAFFEY: The hon. member for Essex East has asked a public servant to comment on a statement made by a Minister of Finance. I submit that is a most unfair and improper question to ask.

Mr. MARTIN (*Essex East*): The question is there and the answer is there. The reason I asked whether it was partly true was because in July, 1958, the fund reached \$439,530,000, and there were \$48,123,000 of the fifth victory loan, and the sixth victory loan which represented an interest rate of 3 per cent.

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): And those two issues, in the \$89.6 million were converted into 3 per cent conversion bonds due in 1961.

Mr. COYNE: Yes.

Mr. MARTIN (*Essex East*): Therefore there was as a result no high rate of interest involved in the transaction as was suggested by the Minister of Finance.

Mr. COYNE: In that particular case the coupon rate of interest was the same, but there was another financial advantage to those who converted, namely, a cash payment of \$2 per hundred in the case of the fifth victory loan, and of \$1.50 per hundred in the case of the sixth victory loan.

Mr. MARTIN (*Essex East*): So I wasn't so far out when I said that. The most amazing thing about this committee is that a member of the Conservative party moved that the governor of the bank come here, yet none of them has asked any questions.

Mr. McDONALD (*Hamilton South*): I moved that this committee be called before us to help clear up the position with respect to the fund and all the facts about the unemployment insurance fund. I was late arriving this morning, and perhaps I should not have moved it.

Mr. MACINNIS: We could not always get Mr. Martin's permission to ask questions.

Mr. MARTIN (*Essex East*): The Minister of Finance also said in the statement I read that the bonds had been consistently sold on the market in the past at a higher price than the victory loan had sold for at any time since then. Is that an accurate statement?

Mr. COYNE: In general, yes. I do not know in detail what each of the victory bonds sold for or each of the four conversion issues, but in general, the conversion bonds have been selling at a price higher than the victory bonds. This will change as the old victory bonds get closer to their maturity date. Their price will come right up to or very close to par. But in the first two months, that would have been true.

Mr. MARTIN (*Essex East*): Is it not a fact that the prices of the victory bonds maturing in January of 1959 and June, 1960 were consistently higher than the prices of the conversion bonds due in 1961?

Mr. COYNE: I am open to correction on that. It is possible that as they get closer to maturity there would not be much difference in those bonds.

Mr. MARTIN (*Essex East*): You would not deny the validity of my last question?

Mr. COYNE: I am open to correction on that, because I do not have the figures in front of me.

Mr. BENIDICKSON: What was the purpose of the fund in offering the fifth victory loan in the amount of \$41 million—the two victory loans—at the same rate of interest, maturing in 1961 when the fund required such liquidity, and when payments out were likely to be as substantial, as they proved to be.

Mr. COYNE: The advantage was in the first place the capital payment that was made at that time. That was the immediate financial or accounting advantage. But, as I think I made clear, the attitude of the committee was that the whole of the conversion operation was as advantageous to the public debt as it was to the bond market. It was advantageous to the fund to participate in making the conversion as big a success as possible.

Mr. CARON: In that committee was there any study of the comparison in respect to the selling that would be permitted by article 86?

Mr. COYNE: That is not a matter for the investment committee.

Mr. CARON: It is a matter for the investment committee to decide when to sell the bonds. But when you came to the decision that by selling them



you would lose, would that be a matter for the investment committee to take up with the commission, by reason of that selling?

Mr. COYNE: No sir. That is a matter for other parties to consider, not the investment committee.

Mr. CARON: You would not consider it to be your responsibility?

Mr. COYNE: No.

The CHAIRMAN: Gentlemen, it is now 12 o'clock, and the reporters are working under great pressure with other committees meeting today. Shall we adjourn, and if so, when do you want to meet again?

Mr. MACLEAN (*Winnipeg North Centre*): The steering committee can decide that.

Mr. BENIDICKSON: Might we follow up the question that the investment committee was not able to give an answer to, and which would seemingly have to be obtained from a member of the commission? Perhaps we could do that rapidly and conclude this portion of our inquiry. Perhaps Mr. McGregor could tell us whether or not under section 86 they did requisition the procedure that was followed, that is, borrowing instead of using the sale of their securities? Could we have a short examination on that?

Mr. McDONALD (*Hamilton South*): Are we through with the investment committee?

The CHAIRMAN: Very well, let us have the insurance commission come before us now. Thank you, Mr. Coyne, Mr. Taylor, and Mr. Cushing, for coming today.

Mr. BENIDICKSON: Mr. Bisson you have probably heard the question about procedure as outlined under section 86-2. Did the commission requisition the Minister of Finance as contemplated in that section?

Mr. J. G. BISSON (*Chief Commissioner, Unemployment Insurance Commission*): Yes.

Mr. BENIDICKSON: What is the procedure? How is it done?

Mr. BISSON: We did inform the Minister of Labour from time to time that we were losing money on the sale of securities. He took it up with the cabinet and there was an order-in-council passed which gave authority to the commission to borrow from the Minister of Finance, and we have exercised that authority at different times up to the extent of \$72 million. It is altogether an authority for \$80 million.

Mr. BENIDICKSON: You interpret that as the requisition that is referred to in the statute?

Mr. BISSON: I think so, yes.

Mr. BENIDICKSON: Did you so requisition without consulting the investment committee?

Mr. BISSON: I do not think the investment committee comes into the picture.

Mr. BENIDICKSON: You did not have anything to do with them?

Mr. BISSON: No, they are not concerned only with the investment of funds.

Mr. BENIDICKSON: When you say they are not concerned, you mean it would not be within their jurisdiction to advise with respect to whether or not you should sell or withhold from selling the securities in your portfolio?

Mr. BISSON: We have never used them in that respect.

Mr. BENIDICKSON: When you needed funds the decision has been taken by the commission?

Mr. BISSON: Yes. Recently we have been borrowing. Previously we have been requisitioning the governor of the Bank of Canada for the sale of some of our securities.

Mr. MARTIN (*Essex East*): When you get a loan from the Minister of Finance, under the authority to borrow up to \$80 million, did the commission not make any request to the Bank of Canada at that time?

Mr. BISSON: I do not recall.

Mr. MARTIN (*Essex East*): When you made a requisition, you made it to the Bank of Canada?

Mr. BISSON: Yes.

Mr. MARTIN (*Essex East*): Am I wrong in saying that at that time you had made no requisition whatsoever to the Bank of Canada?

Mr. BISSON: Prior to the passage of the order-in-council?

Mr. MARTIN (*Essex East*): Yes.

Mr. BISSON: For borrowing, there has to be.

Mr. MARTIN (*Essex East*): When the order-in-council was passed on April 2, there was no requisition in the hands of the Bank of Canada from the commission.

Mr. BISSON: There may have been. The practice in past has been for me to write a letter to the bank of Canada telling them what our cash position would be for the following month, and requisitioning the sale, if need be, at certain specific dates.

Mr. MARTIN (*Essex East*): Could you furnish us definitely with information as to whether or not prior to the loan, there was no requisition from you to the bank?

Mr. BISSON: For sales in the ensuing period?

Mr. MARTIN (*Essex East*): Yes

Mr. BISSON: I would have to look up the correspondence.

Mr. CARON: When the conversion loan came, was there any suggestion by the commission that instead of converting what they had, they should rather borrow the money they needed at the time?

Mr. BISSON: No, we have never approached the investment committee.

Mr. CARON: It was never discussed. Thank you.

Mr. MARTIN (*Essex East*): Have you ever made a requisition under section 86 for credit from the Minister of Finance at any time since you have been commissioner?

Mr. BISSON: I do not quite get the point of your question.

Mr. MARTIN (*Essex East*): Under section 86 the commission is empowered, and the Minister of Finance is empowered to extend credit to the fund if it is not able to meet its obligations. Have you ever, as a commissioner, experienced a transaction involving a loan from the Minister of Finance on behalf of the government to the commission?

Mr. BISSON: As I said a moment ago, we have had conversations with our minister to the effect that there were losses being incurred in the sale of securities. And the matter was taken up with the cabinet, and as a result his arrangement was made for us to borrow from the Minister of Finance.

Mr. MARTIN (*Essex East*): Is it not a fact that just prior to the conversion loan you advised the Bank of Canada of the very illiquid state of the fund?

Mr. BISSON: I would have to check on that.

Mr. MARTIN (*Essex East*): Can you give us information as to when you last told the Bank of Canada or the investment committee about the high state of illiquidity in the fund?

Mr. BISSON: I do not recall that I ever made that statement.

Mr. MARTIN (*Essex East*): Could you check on that to see whether or not someone with the commission pointed out that just prior to the conversion, that you were told that the assets were going to be converted, and you pointed out, or someone on behalf of the commission pointed out that that would add to the liquid state of the fund?

Mr. BISSON: I do not recall that. Commissioner Murchison may.

Mr. MARTIN (*Essex East*): Would you check on that and notify me if that is the case?

Mr. BISSON: Yes.

Mr. BENIDICKSON: Did I understand the chief commissioner to say that when funds were required they were for that purpose, and they followed this procedure with the Bank of Canada, and there was a submission as to what securities to sell?

Mr. BISSON: No. The Bank of Canada, as I understand it, always like to have advice a while in advance so that they can sell at the most propitious time.

Mr. BENIDICKSON: What again was this amount of the  $4\frac{1}{4}$  per cent bonds maturing in 1972 that was affected in connection with this loan? What was the par value?

Mr. JAS. MCGREGOR (*Director, Insurance Branch, Unemployment Insurance Commission*): The par value is \$80,783,000. That is as of the 28th May and that is as against \$72 million.

Mr. BENIDICKSON: Is the commissioner aware that since he spoke to the minister, that that particular issue has gone down about three points?

Mr. BISSON: I am aware that it has gone down, yes.

Mr. BELL (*Saint John-Albert*): If there are no other questions I think we should proceed to the sections of the bill which we stood over in order to obtain information this morning. We should be able to get rid of them in a few minutes.

The CHAIRMAN: We are on number 6 now.

Mr. BENIDICKSON: I understood that we were proceeding and that when we were through with the report on investments the committee would adjourn at 12 o'clock. I think we should conclude this phase of it and go on at a subsequent meeting to discuss the actual increase in the benefits.

Mr. BELL (*Saint John-Albert*): I realize that we have had a long morning, and for a lot of reasons. But there are still other committees sitting and I for one have missed an hour of the broadcasting committee this morning, which was something I had been following closely. I realize that we have gone into this question quite fully, and I feel we should be able to get rid of the remaining sections in a few minutes and speed the bill back to the house.

Mr. CARON: If we had another meeting the minister might be here because we have some questions to ask him. He was here for the whole bill and he agreed to suspend these articles. So if we could adjourn this, at the next meeting the minister might be here to answer questions.

Mr. BENIDICKSON: It is on these sections that the questions are coming. I do not think these are the meaty sections of the bill. Perhaps we might proceed now.

Mr. BROWNE (*Vancouver-Kingsway*): We have sat for quite a while. We have had complete details and we have had a full opportunity to ask questions



on the clauses which were stood over. We stood them over to get information from the investment committee, and there has been a lot of details given. I suggest that we proceed with it at once.

Mr. MARTIN (*Essex East*): I would like to ask a question of the actuary. The other night I was asking a question about clause 13.

The CHAIRMAN: We stood clause 6. That was the first clause stood, and the information advanced was that the whole three were tied together. So let us start clause 6.

Mr. BELL (*Saint John-Albert*): I am sure that Mr. Martin, with his skill and great ability, could phrase questions which would relate to the proper sections of the bill.

Mr. MARTIN (*Essex East*): No, I could not do that.

Mr. GRAFFTEY: I am informed that if the opposition member wishes the minister to appear, he is willing to do so.

Mr. MARTIN (*Essex East*): I take it that the members of this committee do not want us to persist in asking questions.

Mr. BELL (*Saint John-Albert*): I think if the minister is available we should get him here now.

The CHAIRMAN: I told you previously. I said that the reporters are working under a great handicap and they have asked for a break because they have so many committee meetings going on at the same time. They asked for a break at the lunch hour and you stated you wanted to ask a few questions which could speedily be disposed of with Mr. Bisson, and Mr. Bisson answered them. Now we want to get on with clause 6. If you are not going to carry on with this, we will have to adjourn and meet this afternoon.

Mr. MARTIN (*Essex East*): We cannot sit this afternoon because the house is sitting.

Mr. BELL (*Saint John-Albert*): In view of the fact that the house is sitting this afternoon, and in view of the fact of other work they have this week, perhaps the reporters might continue until 1 o'clock and we could get the minister to come in now. I am sure we could finish two or three sections by that time. Would you get the minister, please?

Mr. MACINNIS: I would like to remind this committee that in the interest of the unemployed people I think we are struggling against a deadline. I think June 12 was mentioned, but in the interest of these people I think the committee should do everything possible to get this bill through and back to the house in time.

Mr. MARTIN (*Essex East*): On the basis of the calculations you have made, what would be the additional revenue to the fund if the present level of contributions by the two main groups, the workers and the employers, were to be maintained, and if the contribution of the government were increased on the present basis, on the basis of the 5-5-2 formula.

Mr. R. HUMPHRYS (*Assistant Superintendent of Insurance, Department of Insurance*): The present contribution formula is what might be described as the 5-5-2 formula. The employers pay 5/12ths of the total, the employees pay 5/12ths, and the government pays 2/12ths. If the employer's and employee's contribution rates remain the same, and if you retain the 5-5-2 formula, then the contribution of the government would remain the same also.

Mr. MARTIN (*Essex East*): So there would be \$55 million for 1958-59 additional, and this \$15 million, and then there is the interest, and that would be \$70 million, roughly the same amount of money which Mr. Benidickson has pointed out.

Mr. HUMPHRYS: I am sorry, I must have missed the point of your question. I understood you to say "if the employer's and the employee's contribution remained the same as at present", and "if the same formula is retained". Then there would be no change in the revenue.

Mr. MARTIN (*Essex East*): That is under the 5-5-2 formula, and the question would be that it would bring in another \$70 million, which would be roughly the equivalent of the losses pointed out this morning by my two colleagues.

Mr. HUMPHRYS: If there is a 30 per cent increase in the contribution rates for all parties, and the distribution remains as at present, that is, the 5-5-2 formula, then the increase in revenue would be about \$78 million.

Mr. MARTIN (*Essex East*): Roughly, it would be equivalent to the losses which have resulted from the investments, to the Unemployment Insurance Commission fund.

Mr. HUMPHRYS: Roughly speaking, it would be equivalent to the difference between the par value of the present holdings of securities and the present market value, which as was brought out, is about \$60 million, and the investment losses suffered by reason of the sale of securities in 1958-59, which was about \$10 million, and which gives a total of \$70 million.

Of course the difference between the par value and the market value at a particular date is not necessarily a loss unless it is necessary to liquidate at that date.

Mr. MARTIN (*Essex East*): That is the very necessity which confronts us and has for a period of a year and a half.

Mr. HUMPHRYS: It does during the winter, but I think we are now moving into a portion of the year where the current revenues from contributions will be enough, or perhaps a little more than enough, to meet the current claims. This is usually the case during the summer months.

Mr. MARTIN (*Essex East*): What was the requisition for the month of June?

Mr. HUMPHRYS: I do not have that information.

Mr. MARTIN (*Essex East*): Could Mr. Bisson tell us what it was?

Mr. BISSON: The request to sell or to borrow?

Mr. MARTIN (*Essex East*): What was the requisition as to what you expected?

Mr. BISSON: I think we expected to break even in the month of June.

Mr. McMILLAN: I want to ask the minister a question. In March, when unemployment was high, I think you said in the house that employment was up. I mean, there were more people working at the first of March this year than on the 1st of March a year before.

If that is so, why would there not be more people insured under the Unemployment Insurance Act, so that because of the extra pay, those who were working would be insurable?

The HON. MR. MICHAEL STARR (*Minister of Labour*): Those who were working are only contributing to the unemployment insurance at a maximum of 60 cents per week, whereas those who are unemployed are taking out of the fund at a maximum rate of \$30 per week.

Mr. McMILLAN: On March 1st of this year there were fewer insured than there were in March of last year, that is, 1958.

Mr. STARR: I do not have the figures here. I am sorry. Is that in accordance with the Dominion Bureau of Statistics?

Mr. McMILLAN: Yes.

Mr. BROWNE (*Vancouver-Kingsway*): If Mr. Martin is finished with his questioning of the actuary, perhaps we could get on with clause 6.

Mr. MARTIN (*Essex East*): I said I had not finished my questions, but in view of the fact that the minister was here we could go on later with the clauses of the bill.

Mr. BROWNE (*Vancouver-Kingsway*): We do not want to be wrangling forever with extraneous discussions.

Mr. MARTIN (*Essex East*): We could pass this bill today. As far as I am concerned we can finish our whole operations in this committee by 1 o'clock. But if my friends continue this line of obstruction, it might be another matter.

The CHAIRMAN: Please proceed, Mr. Martin. The minister is here if you want to ask him questions.

Mr. BENIDICKSON: Mr. Minister, you have, as we know, received more representations in the way of briefs, since this bill was introduced and presented to this committee. You were present when certain representations were repeated before the committee. Have you, Mr. Minister, replied to a number of those representations yet, and if so, can you give us an idea of what you have been saying to those people who made direct representations to you by letter, and to this committee?

Mr. STARR: In general in reply to those which have been made to me, I have acknowledged them and told them that I had noted their representations. That in general is my reply.

Mr. CARON: The conversion loan was recommended by the investment committee or by the commission, or it was suggested by the Minister of Finance?

Mr. STARR: You mean that at the time that the conversion loan was placed on the market?

Mr. CARON: At the time the whole portfolio was converted to long term issues.

Mr. STARR: I do not know what procedure was followed. It was only afterwards that I found out that the commission had converted their holdings and had realized a profit of some \$3 million.

Mr. CARON: Was the minister consulted?

Mr. STARR: No, that part is for the commission, but I was told about it after.

Mr. CARON: We have established that the big loss in the fund was \$72 million par value, and the market value—if there has been a loss, it was \$72 million and it has been established; do you think it is fair under those conditions to increase the contributions of employees and employers, if the same amount of increase has been caused by—I would not say the mal-administration, because it is not the fact. If I were speaking in French I could express myself much more clearly, but I have to translate what I have to say. But it is a fact that the commission or the investment committee did not proceed the first time and there was a loss of about \$72 million, requiring increased contributions of about \$78 million; do you think it is fair for that administration, that we should call upon the proprietors, the employers, and the employees to provide it?

Mr. STARR: I have nothing to do with the investment of the fund. That is in the hands of the commission and of the investment committee. However, my knowledge is that the actuary did not base his recommendation for an increase for contribution on the basis that you put forward, that there had been a loss on the sale of bonds in order to pay out benefits. It was based on the general depletion of the fund because of the two winters of unemployment where people were in a position to draw benefits. On that aspect—and I think Mr. Humphrys can bear me out, because it is within his realm—that is the actuarial realm, it is recognized that the increase was formed on that basis, and that is what the recommendation which came through was based on.



Mr. CARON: It should take into consideration that because of the cost of the depletion of the fund to prevent the same depletion the next year?

Mr. STARR: I think Mr. Humphrys can answer that better than I.

Mr. HUMPHRYS: The calculation attempted to arrive at a rate of contribution that would be sufficient to cover the benefit payments out of the fund as calculated on the base period from 1953 to 1958. They did not take into account the interest revenue from the investments, nor did they take into account specifically any possible loss on sales by reason of any necessity of liquidating the investments.

Mr. GRAFFTEY: I think it should be pointed out immediately that Mr. Coyne in his testimony said that any way an increase in this contemplated revenue should not be construed as an increase in revenue to offset any investment loss in the fund.

Mr. STARR: Mr. Humphrys just said that, to the same effect.

Mr. MARTIN (*Essex East*): If there had not been this loss, there would have been no need to come forward with these further proposed contributions?

Mr. MACLEAN (*Winnipeg North Centre*): May we go on with section 6 now?

The CHAIRMAN: Yes, let us go on with section 6.

Mr. BENIDICKSON: The minister is here now and I want to draw his attention to the matter of the decision to refrain from selling securities. And as an alternative I take it that under the procedure in section 86-1 you may borrow from the Minister of Finance. Was that the recommendation of the minister?

Mr. STARR: It was as a result of consultation with the commission, and then I, in turn, conferred with the Minister of Finance.

The CHAIRMAN: Can we get on with clause 6 now?

Mr. CARON: Did you say that you consulted with the minister or with the Bank of Canada at the time?

Mr. BISSON: No; I indicated it to the minister. I had a conversation with the Minister of Labour.

Mr. MARTIN (*Essex East*): This was the first loan ever made by the government of Canada to the commission. The governor of the bank said it was made without any authorization or participation by the investment committee. May I ask the Minister of Labour if there was consultation between the Minister of Finance and the Minister of Labour with respect to the order-in-council providing for these loans now authorized to the extent of \$80 million?

Mr. STARR: That followed after consultation with the commission.

Mr. BENIDICKSON: Does the minister think that that is the procedure for requisitioning by the commission to the Minister of Finance under section 86-1 of the act?

Mr. STARR: Yes, that is why it was followed, and the reason for that decision was that we thought we could save money for the commission.

Mr. MARTIN (*Essex East*): I want to understand that clearly. You and the Minister of Finance discussed the desirability of lending money to the commission in the authorized amount of \$80 million?

Mr. STARR: After I had consulted with the commission on that matter.

Mr. MARTIN (*Essex East*): You did not consult with the Bank of Canada?

Mr. STARR: No.

Mr. MARTIN (*Essex East*): At that time were you aware of the highly illiquid state of the fund?

Mr. STARR: I was aware that we had net losses and in order to save money we thought the best course to follow would be to get a loan.

Mr. MARTIN (*Essex East*): Are you aware, or do you recall that at that time the fund was in a highly illiquid state? Were you aware of that?

Mr. STARR: I realized that the fund was being drained because of the attendant benefits being drawn.

Mr. MARTIN (*Essex East*): There was a heavy drain on the fund and you also realized that you had some securities which could have been converted into short term holdings.

Mr. STARR: In order to raise money to pay out the benefits that we were called upon to pay in the commission, it was only natural that our securities might be sold to provide the funds with which to pay them.

Mr. MARTIN (*Essex East*): But that is exactly what did not happen. Instead of selling the securities or putting them into treasury bills, I suggest that the Minister of Finance—to save repetition of the point—there was a scheme to lend money to the commission instead of enabling it to make a much better investment in treasury bills without incurring the additional impost charge of 5 per cent.

Mr. STARR: No, the reason was to save a loss in the sale of these bonds.

Mr. BENEDICKSON: At April 1st, the \$80 million had been converted in connection with the loan. Did the minister take that into account?

Mr. STARR: I am not aware of that.

Mr. MARTIN (*Essex East*): We have it established this morning that there was realized an unrealized loss of \$72 million. That is exactly the amount of money loaned by the Minister of Finance to the commission at 5 per cent. The government was paying less than that on the converted bonds held by the commission, but the commission had to pay the government a higher interest yield than it was getting.

Mr. STARR: We realized that the sale of the bonds was incurring a loss, and in order to apply good housekeeping and to be as frugal as possible, to get the necessary funds to pay out these benefits, we decided that the loss would be much smaller if we did not sell the bonds now.

Mr. MARTIN (*Essex East*): You discussed with the minister the desirability of not selling the bonds now?

Mr. STARR: After the decision had been arrived at between the commission and myself.

Mr. MARTIN (*Essex East*): The commission has nothing to do with the purchase and sale of these securities.

Mr. STARR: Yes, the necessity arose with them.

Mr. MARTIN (*Essex East*): We were told by the governor of the Bank of Canada a little while ago that the investment committee is responsible for all the investment transactions by the commission.

Mr. STARR: That is at the request of the commission.

Mr. CARON: Section 85 says it must be done on the authority of the investment committee of three members.

Mr. STARR: The requisition comes from the commission.

Mr. MARTIN (*Essex East*): I am not blaming the Minister of Labour for the state of the fund; but it was revealed this morning that it was in a highly unsatisfactory state and instead of being \$450 million it is now below \$400 million. But we cannot blame the minister, and I am not suggesting it.

Mr. STARR: Mr. Martin made a statement, and the commission does not agree with that statement.

Mr. MARTIN (*Essex East*): On the book value, on the market, the securities of the fund are below \$400 million. No one can get away from that; on long term securities.

Mr. HUMPHRYS: The fund balance at the end of April was \$454 million. This is an accounting balance results from crediting the fund account with contributions received, and with interest received, and charging the fund account with benefit payments. Now, this is the accounting balance. As a separate consideration there is a balance sheet which is made up of certain assets owned, and of certain liabilities. Most of the assets are bonds. The par value is \$490 million; and the book value of those assets is between \$480 million and \$490 million. And against that on the liability side there would be certain outstanding warrants, and the liability for the loan received from the Minister of Finance; so that the net balance of assets and liabilities would give the fund a balance of \$454 million.

Mr. MARTIN (*Essex East*): You are not taking into account the market value of the securities.

Mr. HUMPHRYS: This is the book value.

Mr. MARTIN (*Essex East*): The market value as of last night came to \$63 million.

Mr. HUMPHRYS: If your calculation is prepared on the basis of the market value of the securities at some current date—I have not the exact figures for the book value, but it is a little less than par—there would be a reduction of between \$50 million and \$60 million, on the market value basis.

Mr. MACLEAN (*Winnipeg North Centre*): This is on the assumption that the loss would only be incurred if all these securities were sold at the one time.

Mr. GRAFFTEY: Is it not true that you would only have a loss if you sold them all at the one time?

Mr. HUMPHRYS: It is not a realized loss if the bonds are not sold, because the market might go up.

Mr. GRAFFTEY: In connection with those bonds there would be no realized loss.

Mr. MARTIN (*Essex East*): Yes, there is a loss of ten plus sixteen.

Mr. BROWNE (*Vancouver-Kingsway*): Is it not true that if the commission got rid of these bonds on this date in March there would be no loss and there would be a considerable profit to boot? It would only be by selling them that any possible loss would be incurred?

Mr. MARTIN (*Essex East*): That is the very point. This fund is not one which is to be used depending on the drain. If there is going to be heavy unemployment in the fall which would continue at the present level next winter, they will have to sell their securities. That is what we have been urging; that if they had not gone into the bond conversion scheme and had taken advantage of the market, and not being compelled to hold these bonds, this market loss which is confronting us now would not be in existence.

Mr. BROWNE (*Vancouver-Kingsway*): Is Mr. Martin suggesting that the fund should be allowed to go down lower than it is now? Surely the purpose of this amendment is to make sure that the fund will not go down.

Mr. MARTIN (*Essex East*): Not at the expense of the workers and employers of this country. That is my argument.

The CHAIRMAN: Let us get on with clause 6.

Clause 6 agreed to.

Clause 12 agreed to.

Mr. MACLEAN (*Winnipeg North Centre*): Clause 6 carries on division.



The CHAIRMAN: Clause 8 was withdrawn. We shall come back to that.

Mr. CARON: Clause 12 on division.

The CHAIRMAN: Clause 15?

Clause 15 agreed to.

Mr. CARON: The same thing, on division.

The CHAIRMAN: Now, let us go back to clause 8. It has been suggested that the minister will delete it, and that we should have a motion to the effect that it is to be deleted from the bill.

Mr. MACLEAN (*Winnipeg North Centre*): I so move.

The CHAIRMAN: When we passed it earlier I asked for and received advice from parliamentary counsel, Mr. Ollivier. He said, as follows:

I understand there is a proposition for your committee as to the procedure for repealing clause 8 of bill C 43. I have been asked whether this amendment should simply be recommended to the government for action—in other words, whether a minister of the crown should move the amendment in committee of the whole house after the bill has been reported from your committee.

My own opinion is that this amendment should be made in your committee. It should be moved that clause 8 be deleted and the following clauses renumbered accordingly. The only amendments that cannot be made in standing or special committees are amendments which involve an expenditure of money—in other words, an amendment which would mean a charge on the consolidated revenue fund. This is not the case in the present circumstance as the proposed amendment to subsection 2 of section 40 of the act is purely for the purpose of clarification. Also, deleting clause 8 would only have the effect of leaving section 40 of the Unemployment Insurance Act exactly as it is at present.

For these reasons, the motion for deletion of clause 8 should be made in your committee.

Mr. MACLEAN (*Winnipeg North Centre*): I so move, seconded by Mr. Smith (*Winnipeg North*).

The CHAIRMAN: Is that okay?

Mr. STARR: There is no amendment. I explained the theory or the reason I wanted to withdraw clause 8. It has been given to us now and we can do it in this committee.

The CHAIRMAN: It has been moved by Mr. MacLean and seconded by Mr. Smith that clause 8 be deleted and that the following clauses be renumbered accordingly. All in favour? I declare the motion carried.

Clause 23 agreed to.

Title agreed to.

Bill agreed to.

Mr. CARON: On division for the whole.

The CHAIRMAN: Shall we report the bill as amended?

Mr. MARTIN (*Essex East*): I would like to ask Mr. Humphrys a question. This will not take very long. Assuming that Mr. Fleming as forecasted in his budget, has an increase in the gross national product in volume terms of 7 per cent, I suppose that such a recovery would result in reduced expenditures and in increased revenue to the fund for 1959-60. On that basis, and assuming that the level of contributions were to remain unchanged, what do you think would be the status of the fund at the end of the current fiscal year? Would it show a surplus or a deficit?

Mr. HUMPHRYS: It is still pretty early in this fiscal year to judge how the trend will go. I do not want to leave any impression that I am attempting to predict the future. My conclusions have been based on two considerations: experience with the fund, and with what I think is an extremely important consideration in any insurance scheme, and that is the certainty of payments. In any insurance scheme perhaps the most important feature is to make sure you have the funds to pay the benefits.

Mr. MARTIN (*Essex East*): Yes; but you will agree if there is an increase in the gross national product of 7 per cent, or even beyond that, there would be a reduction in expenditures and consequently no need for an increase in contributions.

Mr. HUMPHRYS: I would say that if the gross national product increases, as the minister's forecast has predicted, the revenue will be higher than it would have been had there not been such an increase. However, I feel with the experience we have seen in this past period and the experience in the year 1958-1959, the only prudent course is to make provision for increased revenue to the fund.

My view is that, in an insurance scheme, after you have had the good experience is time enough to reduce the contributions.

Mr. MARTIN (*Essex East*): I think you are right and no one would quarrel with you. Naturally, I think you are quite correct. The fund always must be adequate to meet its contractual obligations. However, there are other ways of making sure the fund is capable of meeting its obligations other than by imposing an abnormally high additional contribution. That is all I have.

The CHAIRMAN: Shall I report the bill as amended?

Agreed.

Mr. CARON: On division.

The CHAIRMAN: Thank you, gentlemen. We have the bill through now. We can adjourn.

Mr. MARTIN (*Essex East*): I wish to say I forgive you for all the things you have said about me.

Mr. SMITH (*Winnipeg North*): I think the committee should forgive Mr. Martin also.

—The committee adjourned.



## APPENDIX

STATEMENT TO  
THE INDUSTRIAL RELATIONS COMMITTEE  
OF THE HOUSE OF COMMONS

Mr. Chairman:

On Friday June 5th we of the Interprovincial Farm Union Council had the pleasure of meeting with this Committee and presenting the views of our organization on the matter of extending the benefits of unemployment insurance to farm workers.

In subsequent discussion, numerous questions were raised with respect to our views on some aspects of unemployment insurance legislation and proposed amendments thereto.

It was the opinion of the witnesses on that occasion that some of the questions were of such a nature as should properly be answered by the Council Executive.

I wish to submit for the record, Mr. Chairman, a statement from the Executive of the Council. This statement sets out the views of our organization on such matters as are presently before this Committee.

It is the custom of the members of the Council, after careful analysis of conditions affecting our industry, to place on record from time to time their considered opinion as to policies necessary to cope with conditions as they arise.

Farmers like other groups are jealous of their obligations in a free society. We believe that the laws of the land should protect those freedoms.

All groups of society have responsibilities equal to their voice in National Affairs. Any group lacking economic opportunity is destined to become a burden to the economy, rather than carrying their fair share of the economic load.

It is recognized that legislation must be kept up to date in order to keep abreast of changing conditions.

From time to time situations will develop when it will be necessary to initiate emergency or extraordinary measures to deal effectively with them.

We suggest that it is in the interest of the Canadian economy that agriculture enjoy a level of economic activity on a level with other groups.

In periods of emergency such as in periods when producers become victims of depression—regionally or nationally—brought about as a result of national policies or other circumstances beyond their control, we maintain that it is the responsibility of the people of Canada to render, after full analysis of the factors involved, such assistance as is required in order to compensate the producers for loss to their industry by which farm people will be able to maintain their proper role in the Canadian economy.

Respectfully submitted by the  
INTERNATIONAL FARM UNION COUNCIL.









